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**PROPOSAL**

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From:	Secretary-General of the European Commission, signed by Mr Jordi AYET PUIGARNAU, Director
date of receipt:	11 July 2019
To:	Mr Jeppe TRANHOLM-MIKKELSEN, Secretary-General of the Council of the European Union
No. Cion doc.:	COM(2019) 331 final
Subject:	Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL on the European Institute of Innovation and Technology (recast)

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Delegations will find attached document COM(2019) 331 final.

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Brussels, 11.7.2019  
COM(2019) 331 final

2019/0151 (COD)

Proposal for a

**REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL**

**on the European Institute of Innovation and Technology (recast)**

(Text with EEA relevance)

{SEC(2019) 275 final} - {SWD(2019) 330 final} - {SWD(2019) 331 final}

## EXPLANATORY MEMORANDUM

### CONTEXT OF THE PROPOSAL

- **Reasons for and objectives of the proposal**

The Regulation of the European Parliament and of the Council establishing the European Institute of Innovation and Technology (EIT Regulation<sup>1</sup>), adopted in 2008, sets out its mission and tasks and the framework for its functioning. The Regulation was amended in 2013<sup>2</sup> in order, *inter alia*, to align it with Horizon 2020<sup>3</sup>.

The overall mission of the European Institute of Innovation and Technology (EIT) is to boost sustainable European economic growth and competitiveness by reinforcing the innovation capacity of the Member States and the Union. In particular, the EIT reinforces the Union's innovation capacity and addresses societal challenges through the integration of the knowledge triangle of higher education, research and innovation. The EIT operates through its Knowledge and Innovation Communities (KICs): large-scale European partnerships which address specific societal challenges by bringing together education, research and business organisations. The EIT provides grants to the KICs, monitors their activities, supports cross-KIC collaboration and disseminates results and good practices.

The external evaluation of the EIT carried out in 2017 confirmed that the rationale behind its establishment is valid and its model of innovation-driven knowledge triangle integration remains relevant.

For the period 2021-2027, Horizon Europe will be the Union programme funding the EIT. The EIT is therefore an integral part of the Commission proposal establishing Horizon Europe and one of the three components of its "Innovative Europe" pillar. The Horizon Europe proposal sets out the budget for the EIT for the next MFF as well as its rationale, added value, areas of intervention and broad lines of activity. However, the Horizon Europe proposal itself does not provide the legal basis for continuing the EIT operations as from 2021. The legal base of the EIT remains the EIT Regulation.

Furthermore, Article 17 of the EIT Regulation requires that every seven years the Commission submits to the European Parliament and the Council a proposal for a Strategic Innovation Agenda (SIA) that lays down the strategic, long-term priorities and financial needs for the EIT and that needs to be in line with the applicable Union framework programme supporting research and innovation<sup>4</sup>.

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<sup>1</sup> Regulation (EC) No 294/2008 of the European Parliament and of the Council of 11 March 2008 establishing the European Institute of Innovation and Technology (OJ L 97, 9.4.2008, p. 1).

<sup>2</sup> Regulation (EU) No 1292/2013 of the European Parliament and of the Council of 11 December 2013 amending Regulation (EC) No 294/2008 establishing the European Institute of Innovation and Technology (OJ L 347, 11.12.2013, p. 174).

<sup>3</sup> Regulation (EU) No 1291/2013 of the European Parliament and of the Council of 11 December 2013 establishing Horizon 2020 - the Framework Programme for Research and Innovation 2014-2020 and repealing Decision No 1982/2006/EC (OJ L 347, 20.12.2013, p. 104).

<sup>4</sup> The current SIA covers the period 2014-2020.

The EIT Regulation is not in principle time bound, contrary to the SIA. However, given that a number of provisions in the EIT Regulation make a direct reference to the current Horizon 2020 programme established for the period 2014-2020, those provisions need to be amended to make them compatible with the next Union framework programmes supporting research and innovation.

It is therefore proposed to make the new EIT Regulation time neutral so that amendments to it at the end of each MFF would in principle not be necessary or only minimal. The continuation of the operations of the EIT under each new MFF would be subject to appropriate funding consisting of a contribution from the Union. The contribution from the Union may be provided through a financial contribution from the Union framework programme supporting research and innovation as well as other Union programmes.

It would be for the EIT's SIA to ensure the alignment with the objectives of the relevant Union framework programme supporting research and innovation, the strategic multiannual planning, monitoring and other requirements of that programme, and to foster synergies with other relevant programmes under each new MFF.

As the EIT Regulation was already substantially amended in 2013 and the current proposal contains further substantive amendments to the EIT Regulation, it is proposed to amend the EIT Regulation through the recast legislative technique in order to ensure greater legal clarity and better readability. The time neutrality of the recast Regulation will also enable to focus on the main principles of the functioning of the EIT/KICs. This, in combination with the stronger role of the SIA in aligning the EIT with its funding programme under each MFF, will improve the overall coherence of the legislative framework of the EIT, facilitate the application of its provisions, and make the legislative process lighter in seven years.

- **Consistency with existing policy provisions in the policy area**

For the period 2014-2020, the EIT's objectives, rationale, EU added value, budget, broad lines of activity and performance indicators are defined in the Horizon 2020 Regulation. The EIT Regulation sets out, in parallel, the mission and tasks for the EIT along with the framework for its functioning. The strategic, long-term priority fields and financial needs of the EIT for each seven-year period are laid down in the SIA<sup>5</sup>.

The Horizon Europe proposal confirmed the importance and contribution of the EIT and its KICs in delivering the EU's strategic priorities in the area of innovation. It proposes the EIT budget for 2021-2027, its scope, added-value and main areas of activity, while pointing to a revised role of the EIT in order to reinforce its contribution to Horizon Europe's objectives.

The EIT is integrated within Horizon Europe as part of its Pillar III ("Innovative Europe"). However, synergies and complementarities with the other components of the programme will be created. The EIT through its KICs will also contribute to addressing the global challenges under

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<sup>5</sup> Decision No 1312/2013/EU of the European Parliament and of the Council of 11 December 2013 on the Strategic Innovation Agenda of the European Institute of Innovation and Technology (EIT): the contribution of the EIT to a more innovative Europe (OJ L 347, 20.12.2013, p. 892).

Pillar II (“Global Challenges and European Industrial Competitiveness”) and Pillar I (“Excellent Science”).

Under the Horizon Europe proposal, the KICs are considered as institutionalised European Partnerships. The contribution of KICs to other relevant activities under the Horizon Europe framework will be supported through the multiannual Strategic Planning process, which will incorporate interdisciplinary and cross-sectoral perspectives and ensure that all activities under Horizon Europe are coordinated in an effective manner. In addition, the Horizon Europe proposal emphasises that “proposals for future EIT KICs in compliance with the EIT Regulation will be indicated in the SIA and will take into account the outcome of the Strategic Planning process and the priorities of the Global Challenges and European Industrial Competitiveness pillar”.

To deliver on Horizon Europe objectives close cooperation with, in particular the European Innovation Council (EIC), will also be important to ensure synergies and greater impact. The EIT and the EIC are complementary: the EIC will identify, develop and deploy breakthrough innovations, and support the rapid scale-up of innovative firms carrying out market-creating innovations at the European and international levels, while the EIT will contribute to the development of innovation capacity at European and Member State level through the knowledge triangle integration and support to innovation ecosystems. The distinctive focus of the EIT will be on human capital, entrepreneurial education, stronger regional outreach and support to business creation and development in specific thematic areas.

- **Consistency with other Union policies**

As described above, the Commission proposal for a recast EIT Regulation emphasises the SIA’s role to foster synergies not only with the Union framework programme supporting research and innovation but also with other relevant Union programmes of the respective MFF. Most importantly, it is for the SIA to create appropriate synergies and complementarities between the EIT activities and other Union initiatives, policies and instruments. The EIT will have targeted activities to that regard. Furthermore, the proposal reinforces the role of the Member States’ Representatives Group, which will help ensure synergies and complementarities of EIT and KIC activities with national programmes and initiatives.

## **LEGAL BASIS, SUBSIDIARITY AND PROPORTIONALITY**

- **Legal basis**

The EU has a shared competence in industry policy based on Article 173 TFEU (Title XVII). According to Article 173(1), the Union and the Member States shall ensure that conditions necessary for the competitiveness of the Union's industry exist. For that purpose, in accordance with a system of open and competitive markets, their action shall be aimed also at fostering better exploitation of the industrial potential of policies of innovation, research and technological development. Article 173(3) foresees that the European Parliament and the Council, acting in accordance with the ordinary legislative procedure referred to in Article 294, may decide on specific measures in support of action taken in the Member States to achieve the mentioned

objective, excluding any harmonisation of the laws and regulations of the Member States. This provision is the legal basis of the current EIT Regulation and of the SIA 2014-2020.

The proposed reinforcement of the activities of the EIT, including in the areas of education and regional dimension, is innovation-driven and aims to fulfil the objective set out in Article 173 TFEU.

- **Subsidiarity and proportionality**

The proposal for a recast EIT Regulation respects the principles of subsidiarity and proportionality. It does not go beyond what is required for achieving the Union's objectives and provides a clear EU added-value in terms of economies of scale, scope and speed of investments in research and innovation areas, compared to national and regional initiatives and solutions. Moreover, EU action would not interfere with purely domestic scenarios or require harmonisation of the laws and regulations of the Member States.

The EIT has a unique way of building EU-wide innovation ecosystems of education, research, business and other stakeholders<sup>6</sup>. Cooperation activities supported by the EIT lead to an increased quality of action, innovation and internationalisation of KIC partners and organisations, the creation of cross-border, multidisciplinary networks, more cross-sectoral cooperation and geographical outreach.

The EIT is also the sole instrument within Horizon Europe with a distinct focus on education as a key driver of innovation, growth and competitiveness.

## **RESULTS OF EX-POST EVALUATIONS, STAKEHOLDER CONSULTATIONS AND IMPACT ASSESSMENTS**

### *External evaluation*

The proposal builds on the external evaluation of the EIT carried out in 2017 which confirmed that the rationale behind the establishment of the EIT is valid and that its model of innovation-driven knowledge triangle integration remains relevant. The EIT model targets structural weaknesses of the innovation capacities in the EU (in key thematic areas), such as the limited entrepreneurial culture, low level of cooperation between academia and industry and insufficient development of human potential, and aims to contribute to closing the innovation gap between the EU and its key competitors.

### *Open Public Consultation*

The proposal takes into account the results of the Open Public Consultation (OPC) that was run as a component of the European Commission's Impact assessment to support its proposals for the revision of the EIT Regulation and for a new Strategic Innovation Agenda of the EIT for 2021-2027. The purpose of the OPC was to gather information, opinions and views from a wide range of stakeholders on 1) the challenges and opportunities in the European research and

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<sup>6</sup> ICF (2017), Evaluation, p. 36.

innovation area, 2) the policy objectives of the EIT, and 3) the policy options to tackle the challenges.

### *Impact Assessment*

This proposal is supported by an Impact Assessment covering both the proposals for an amendment to the EIT Regulation (recast) and for an EIT's SIA for the period 2021 – 2027.

That impact assessment builds on the Impact Assessment carried out for Horizon Europe. The positive opinion of the Regulatory Scrutiny Board was received on April 5<sup>th</sup> 2019.

The impact assessment accompanying this proposal identified the following policy options: a baseline option and two different options addressing the problems and technical issues highlighted in the impact assessment.

The baseline option 1 represents the continuation of EIT's activities as they are today with only the adjustments necessary to align it with the proposal for Horizon Europe. Option 2 builds on the baseline. In addition, it contains the adoption of a number of technical measures to enhance the functioning of the EIT, and proposes a new action to foster entrepreneurial education across Europe. Option 3 differs from option 2 in that it would set up an EIT Hub in each Member State in order to increase the impact of the EIT activities all across Europe.

Option 2 was identified as the preferred option as it strikes the best balance in achieving the objectives of the initiative while considering the resources available and offering the highest economic and societal impacts. It will also entail significant improvements of the EIT in the next programming period.

- **Fundamental rights**

The Commission proposal respects the fundamental rights and observes the principles of the EU Charter of Fundamental Rights.

## **BUDGETARY IMPLICATIONS**

The budgetary implications of the proposal as well as the human and administrative resources required are described in detail in the legislative financial statement<sup>7</sup>.

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<sup>7</sup> Legislative financial statement for the proposal for a Regulation of the European Parliament and of the Council on the European Institute of Innovation and Technology (recast) and for a Decision of the European Parliament and of the Council on the Strategic Innovation Agenda of the European Institute of Innovation and Technology (EIT) 2021-2027: Boosting the Innovation Talent and Capacity of Europe.



## OTHER ELEMENTS

- **Implementation plans and monitoring, evaluation and reporting arrangements**

Monitoring and evaluation are fundamental tools in measuring the impact of the EIT and will be further strengthened and continuously improved over the next programming period. Given the nature of the knowledge triangle integration model, it will be important to apply a monitoring framework that allows flexibility at all relevant levels and ensures coherence with the general objectives of Horizon Europe and impacts sought.

### *Monitoring*

All inputs, outputs, results and impacts identified in the impact assessment accompanying this proposal will be monitored through indicators. Such indicators already exist and are used by the EIT. Whenever they do not exist, new indicators will be developed in order to enable the EIT to monitor the achievement of its objectives.

In parallel and in full compliance with existing monitoring tools, close alignment will be sought between the EIT monitoring provisions and those that are put in place for Horizon Europe. For example, the EIT will align its monitoring tools with the Impact Pathways of Horizon Europe that seek to address the need for scientific, economic and societal impacts indicators more comprehensively. It will be a responsibility of the EIT to regularly monitor the operational performance of the KICs and to adapt its monitoring and reporting systems continuously. The results of such monitoring will feed into the business planning processes of the KICs and into the EIT decision-making on the allocation of the budget and preparation of the framework partnership agreements with the KICs as beneficiaries. The monitoring results should feed continuously into the policy-making process.

### *Evaluation*

The evaluation of the performance of the EIT will be carried out by the Commission in line with the requirements of the amended EIT Regulation and will feed into the overall Horizon Europe programme evaluation that will be carried out mid-term and ex-post. This will include an assessment of the synergies of the EIT with the other instruments of the programme.

With regard to the KICs, a specific indicator framework will be used to assess the performance of the KICs during the next programming period (detailed in the proposal for a new SIA). That framework draws from current and previous indicators and fills gaps and deficiencies identified in the existing performance measurement system. It is also aligned with the Horizon Europe indicator framework.

- **Explanation of the key changes in the specific provisions of the proposal**

**Article 5 EIT bodies** - the proposal reinforces the role of the Executive Committee as a specific EIT body, underlines the accountability of the Director to the Governing Board and strengthens the independence of the Internal Auditing Function.

**Article 6 Tasks** - the proposal contains several precisions of the existing EIT tasks and emphasizes the importance of the EIT's task to ensure an appropriate level of coordination and



facilitate communication and thematic cooperation between the KICs. It introduces a new EIT task to design and coordinate support actions undertaken by the KICs for the development of entrepreneurial and innovation capacity of Higher Education Institutions and their integration in innovation ecosystems.

**Article 10 Principles for the evaluation and monitoring of KICs** – the proposal updates the reference to the Union framework programme supporting research and innovation as regards the indicators for the continuous monitoring and periodic external evaluations of the KICs.

**Article 11 Duration, continuation and termination of a KIC** - the proposal reinforces the comprehensive mid-term review of each KIC before the expiry of the initial framework partnership agreement and introduces the notion of a memorandum of cooperation, as a facultative means to ensure EIT-KICs relation following the end date of the framework partnership agreement.

**Article 17 Financing of the KICs** – the proposal moves the first paragraph of the current Article 14 on EIT’s financial resources in the amended first paragraph of Article 20 on EIT budget, accompanied by few modifications. In addition, it provides the principle for the revised EIT funding model in the sense that the EIT contribution to the KICs may cover up to 100 % of the total eligible costs of KIC added-value activities only in the initial stages of the KIC life. Such contribution shall gradually decrease over time in compliance with the co-funding rates defined in the SIA. It also emphasizes the importance of financial sustainability of KICs within the EIT’s competitive allocation mechanism.

**Article 20 EIT budget** – the proposal defines the funding of the EIT and the source of the EIT’s financial contribution to the KICs.

**Annex I Statutes of the EIT** – proposed amendments to the EIT Statutes with the aim to clarify the roles of the EIT Governing Board, Executive Committee and Director, strengthen the Governing Board’s role in the monitoring, supervision and steering of KICs and clarify the Commission’s role vis-à-vis the EIT to reflect its obligations in terms of monitoring and sound financial management. The proposal contains a new requirement for agreement by the Commission on a limited number of strategic issues decided by the Governing Board (e.g. monitoring and financial allocation principles). Finally, the proposal removes the reference to “fixed-term contracts” of EIT staff in order to ensure its professional continuity and development comparable to the regime applicable to EU agencies.

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↓ 294/2008 (adapted)

⇒ new

2019/0151 (COD)

Proposal for a

**REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL**

**~~establishing~~  on  the European Institute of Innovation and Technology (recast)**

(Text with EEA relevance)

THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty  on the Functioning of the European Union  ~~establishing the European Community~~, and in particular Article ~~157(3)~~  173(3)  thereof,

Having regard to the proposal from the  European  Commission,

⇒ After transmission of the draft legislative act to the national parliaments, ⇐

Having regard to the opinion of the European Economic and Social Committee<sup>8</sup>,

Having regard to the opinion of the Committee of the Regions<sup>9</sup>,

Acting in accordance with the ~~procedure laid down in Article 251 of the Treaty~~  ordinary legislative procedure  ,

Whereas:

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↓ new

(1) Regulation (EC) No 294/2008 of the European Parliament and of the Council<sup>10</sup> has been substantially amended<sup>11</sup>. Since further amendments are to be made, that Regulation should be recast in the interests of clarity.

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<sup>8</sup> OJ C [...], [...], p. [...].

<sup>9</sup> OJ C [...], [...], p. [...].

<sup>10</sup> Regulation (EC) No 294/2008 of the European Parliament and of the Council of 11 March 2008 establishing the European Institute of Innovation and Technology (OJ L 097, 9.4.2008, p. 1).

<sup>11</sup> See Annex II.

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↓ 294/2008 recital 1 (adapted)

~~The Lisbon Growth and Jobs Agenda underscores the need to develop conditions which are attractive to investment in knowledge and innovation in Europe in order to boost competitiveness, growth and jobs in the European Union.~~

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↓ 294/2008 recital 2 (adapted)

- (2) Member States are primarily responsible for sustaining a strong European industrial, competitive and innovative base. However, the nature and scale of the innovation challenge in the ~~European~~ Union also require action to be taken at ~~Community~~  Union  level.
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↓ 294/2008 recital 3 (adapted)

~~The Community should provide support to foster innovation, in particular through the Seventh Framework Programme for Research, Technological Development and Demonstration Activities, the Competitiveness and Innovation Framework Programme, the Lifelong Learning Programme and the Structural Funds.~~

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↓ 294/2008 recital 4 (adapted)

- (3) ~~A new initiative at Community level,~~ ~~†~~The European Institute of Innovation and Technology (hereinafter referred to as the ‘EIT’) should be established to complement existing ~~Community~~  Union  and national policies and initiatives by fostering the integration of the knowledge triangle — higher education, research and innovation — across the ~~European~~ Union.
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↓ 294/2008 recital 5 (adapted)

~~The European Council of 15 and 16 June 2006 invited the Commission to prepare a formal proposal for the establishment of the EIT to be presented in autumn 2006.~~

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↓ 294/2008 recital 6 (adapted)

~~The EIT should primarily have the objective of contributing to the development of the Community’s and the Member States’ innovation capacity, by involving higher education, research and innovation activities at the highest standards. In so doing, the EIT should facilitate and enhance networking and cooperation and create synergies between innovation communities in Europe.~~

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↓ new

- (4) The EIT, primarily through its Knowledge and Innovation Communities (‘KICs’), should aim at strengthening innovation ecosystems that tackle global challenges. It should primarily have the objective of contributing to the development of the Union’s and the Member States’ innovation capacity at the highest standards. In order to achieve this objective, the EIT should facilitate and enhance networking and cooperation and create synergies between different innovation communities in Europe.

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↓ 294/2008 recital 22 (adapted)  
⇒ new

- (5) The strategic, ~~long-term~~ priority fields and financial needs for the EIT for a period of seven years ⇒ , covering the respective Multiannual Financial Framework ('MFF'), ⇐ should be laid down in a Strategic Innovation Agenda (~~hereinafter referred to as 'SIA'~~). ⇒ The SIA should ensure alignment with the Union framework programme supporting research and innovation and foster synergies with other relevant Union programmes of the MFF as well as with other Union initiatives, policies and instruments, in particular with those supporting education and regional development. ⇐ Given the importance of the SIA for the ~~Community~~ ⊗ Union ⊗ innovation policy and the resulting political significance of its socio-economic impact for the ~~Community~~ ⊗ Union, ⊗ the SIA should be adopted by the European Parliament and the Council on the basis of a Commission proposal ~~prepared on the basis of a draft~~ ⇒ based on a contribution ⇐ provided by the EIT.
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↓ 294/2008 recital 7  
⇒ new

- (6) ⇒ In line with the Union framework programme supporting research and innovation, ⇐ the activities of the EIT should address strategic long-term challenges for innovation in Europe, particularly in trans- and/or inter-disciplinary areas including those already identified at European level. In so doing, the EIT should promote periodic dialogue with civil society.
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↓ 294/2008 recital 8

- (7) The EIT should give priority to the transfer of its higher education, research and innovation activities to the business context and their commercial application, as well as to supporting the creation of start-ups, spin-offs and small and medium-sized enterprises (SMEs).
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↓ 294/2008 recital 9 (adapted)  
⇒ new

- (8) The EIT should primarily operate through excellence-driven, ⊗ and ⊗ autonomous ⇒ large-scale European ⇐ Partnerships of higher education institutions, research organisations, companies and other stakeholders in the form of sustainable and long-term self-supporting strategic networks in the innovation process. ~~Those~~ partnerships should be selected by the Governing Board of the EIT on the basis of a transparent and excellence-based process ⇒ , in accordance with the criteria of the Union framework programme supporting research and innovation for the selection of European Partnerships, ⇐ and designated as ~~Knowledge and Innovation Communities~~ (~~hereinafter referred to as KICs~~).
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↓ new

- (9) Taking into account the specificity of KICs, it is necessary to provide for special minimum conditions to form a KIC, derogating from the rules for participation and

dissemination of the Union framework programme supporting research and innovation. Similarly, specific rules on ownership, access rights, exploitation and dissemination may be necessary for KIC added-value activities.

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↓ 294/2008 recital 9  
⇒ new

- (10) The Governing Board should also steer the activities of the EIT ⇒ and coordinate the reporting, monitoring and evaluation of ⇐ ~~and evaluate~~ the activities of the KICs ⇒ in line with the provisions of the Union framework programme supporting research and innovation ⇐ . Membership of the Governing Board should balance experience from the business and the higher education and/or research worlds as well as from the innovation sector.
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↓ 294/2008 recital 10

- (11) In order to contribute to the competitiveness and to reinforce the international attractiveness of the European economy and its innovation capacity, the EIT and the KICs should be able to attract partner organisations, researchers and students from all over the world, including by encouraging their mobility, as well as to cooperate with third-country organisations.
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↓ 294/2008 recital 11  
⇒ new

- (12) Relations between the EIT and the KICs should be based on ~~contractual~~ ⇒ framework partnership agreements and grant ⇐ agreements, which will set out the KICs' rights and obligations, ensure an adequate level of coordination and outline the mechanism for monitoring and evaluating KICs' activities and outcomes. ⇒ The framework partnership agreement should ensure continuity of the EIT financial contribution to a KIC beyond the respective MFF. By way of derogation from Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council<sup>12</sup> (the 'Financial Regulation'), the EIT should be able to establish such framework partnership agreement for an initial period of seven years and extend it beyond that period for another period of a maximum of seven years. ⇐
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↓ 294/2008 recital 12 (adapted)  
⇒ new

- (13) There is a need to support higher education as an integral, but often missing, component of a comprehensive innovation strategy. The ⇒ framework partnership agreements or grant ⇐ ~~agreement~~ ⊗ agreements ⊗ between the EIT and KICs should provide that the degrees and diplomas awarded through the KICs should be awarded by participating higher education institutions, which should be encouraged to label them also as EIT degrees and diplomas. ⇒ In addition, the EIT should strengthen
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<sup>12</sup> Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council of 18 July 2018 on the financial rules applicable to the general budget of the Union, amending Regulations (EU) No 1296/2013, (EU) No 1301/2013, (EU) No 1303/2013, (EU) No 1304/2013, (EU) No 1309/2013, (EU) No 1316/2013, (EU) No 223/2014, (EU) No 283/2014, and Decision No 541/2014/EU and repealing Regulation (EU, Euratom) No 966/2012 (OJ L 193, 30.7.2018, p. 1).

and widen the scope of the EIT-labelled degrees and diplomas in order to increase their recognition outside the EIT Community. ↔ Through its activities and work, the EIT should help promote mobility ↔ for students, researchers and staff ↔ ~~within the European Research Area and the Higher Education Area as well as encourage the transferability of grants awarded to researchers and students in the context of the KICs.~~ All those activities should be carried out without prejudice to Directive 2005/36/EC of the European Parliament and of the Council of 7 September 2005 on the recognition of professional qualifications<sup>13</sup>.

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↓ 294/2008 recital 13

~~The EIT should establish clear and transparent guidelines for the management of intellectual property, which should foster the use of intellectual property under appropriate conditions. These guidelines should provide that due account is taken of the contributions to be made by the various partner organisations of the KICs, irrespective of their size. In the event of the activities being funded under the Community Framework Programmes for Research and Technological Development, the rules of those programmes should apply.~~

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↓ 294/2008 recital 14 (adapted)

- (14) Appropriate provisions should be made to guarantee the liability and transparency of the EIT. Appropriate rules ~~governing~~ ☒ regulating ☒ its ☒ governance and ☒ functioning should be laid down in the Statutes of the EIT.
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↓ 294/2008 recital 15 (adapted)

⇒ new

- (15) The EIT should possess legal personality and, in order to guarantee its functional autonomy and independence ↔ of national authorities and external pressures, ↔ it should administer its own budget whose revenue should include a contribution from the ☒ Union ☒ ~~Community~~.
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↓ 294/2008 recital 16 (adapted)

⇒ new

- (16) ~~The EIT should seek to raise an increasing financial contribution from the private sector and from income generated by its own activities. Therefore, it~~ is expected that industry, the finance and service sectors will contribute significantly to the budget ~~of the EIT and, in particular, to the budget~~ of the KICs. The KICs should aim at maximising the share of contributions from the private sector ↔ and achieving financial sustainability ↔. The KICs and their partner organisations should publicise the fact that their activities are undertaken in the context of the EIT and that they receive a financial contribution from the general budget of the ~~European~~ Union.
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<sup>13</sup> Directive 2005/36/EC of the European Parliament and of the Council of 7 September 2005 on the recognition of professional qualifications (OJ L 255, 30.9.2005, p. 22). Directive as last amended by Commission Regulation (EC) No 1430/2007 (OJ L 320, 6.12.2007, p. 3).

↓ 294/2008 recital 17

~~The Community contribution to the EIT should finance the costs arising from the establishment, administrative and coordination activities of the EIT and the KICs. In order to avoid double funding, these activities should not benefit simultaneously from a contribution from other Community programmes, such as the Framework Programme for Research, Technological Development and Demonstration Activities, the Competitiveness and Innovation Framework Programme, the Lifelong Learning Programme, or from the Structural Funds. Furthermore, in the event that a KIC or its partner organisations apply directly for Community assistance from these programmes or funds, their applications should be treated without any preference over other applications.~~

↓ 294/2008 recital 18 (adapted)

- (17) The ~~Community~~ ☒ Union ☒ budgetary procedure should be applicable as far as the ~~Community subsidy and any other grants~~ ☒ Union financial contribution ☒ chargeable to the general budget of the ~~European Union~~ are ☒ is ☒ concerned. The auditing of accounts should be undertaken by the Court of Auditors in accordance with ~~the~~ ☒ Financial Regulation ☒ ~~Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities~~<sup>14</sup>.

↓ 294/2008 recital 19

~~This Regulation establishes a financial envelope for the period 2008 to 2013 which is to be the prime reference for the budgetary authority, within the meaning of point 37 of the Interinstitutional Agreement of 17 May 2006 between the European Parliament, the Council and the Commission on budgetary discipline and sound financial management~~<sup>15</sup>.

↓ 294/2008 recital 20 (adapted)

- (18) The EIT is a body set up by the ~~Communities~~ ☒ Union ☒ within the meaning of Article ~~70~~<sup>16</sup> of ~~Regulation (EC, Euratom) No 1605/2002~~ ☒ the Financial Regulation ☒ and should adopt its financial rules accordingly. Consequently ☒ Commission Delegated Regulation (EU) 2019/715 of 18 December 2018 on the framework financial regulation for the bodies set up under the TFEU and Euratom Treaty and referred to in Article 70 of the Financial Regulation<sup>16</sup> ☒ ~~Commission Regulation (EC, Euratom) No 2343/2002 of 19 November 2002 on the framework Financial Regulation for the bodies referred to in Article 185 of Council Regulation (EC, Euratom) No 1605/2002~~<sup>17</sup> should apply to the EIT.

<sup>14</sup> ~~OJ L 248, 16.9.2002, p. 1. Regulation as last amended by Regulation (EC) No 1525/2007 (OJ L 343, 27.12.2007, p. 9).~~

<sup>15</sup> ~~OJ C 139, 14.6.2006, p. 1. Interinstitutional Agreement as amended by Decision 2008/29/EC of the European Parliament and of the Council (OJ L 6, 10.1.2008, p. 7).~~

<sup>16</sup> Commission Delegated Regulation (EU) 2019/715 of 18 December 2018 on the framework financial regulation for the bodies set up under the TFEU and Euratom Treaty and referred to in Article 70 of Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council (OJ L 122, 10.5.2019, p. 1).

<sup>17</sup> ~~OJ L 357, 31.12.2002, p. 72.~~



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↓ 294/2008 recital 21 (adapted)  
⇒ new

- (19) The EIT should produce ~~an~~ ⇒ consolidated ⇐ annual ☒ activity ☒ report, outlining the activities conducted ⇒ and results of the operations ⇐ in the preceding calendar year ~~and a rolling triennial work programme~~ ⇒ . The EIT should also produce a single programming document, ⇐ outlining its planned initiatives ⇒ in terms of annual and multiannual programming ⇐ and allowing the EIT to respond to internal and external developments in the fields of science, technology, higher education, innovation and other relevant areas. ~~These documents should be transmitted to the European Parliament, the Council, the Commission, the Court of Auditors, the European Economic and Social Committee and the Committee of the Regions for information. The European Parliament, the Council and the Commission should be entitled to present an opinion on the draft of the EIT's first triennial work programme.~~
- 

↓ 294/2008 recital 23 (adapted)  
⇒ new

- (20) It is appropriate that the Commission initiate ~~an~~ independent, external ~~evaluation~~ ☒ evaluations ☒ of the operation of the EIT, ⇒ including the KICs ⇐ , in particular with a view to preparing the SIA. ⇒ Those evaluations should examine how the EIT fulfils its mission, cover all activities of the EIT and KICs and should assess their relevance, effectiveness, efficiency, European added value, and coherence. Those evaluations should feed into the Commission programme evaluations provided for in the Union framework programme supporting research and innovation. ⇐ ~~Where appropriate, the Commission should make proposals to amend this Regulation.~~
- 

↓ 294/2008 recital 24 (adapted)

~~It is appropriate to pursue a gradual, phased implementation of the EIT in view of its long-term development. An initial phase with a limited number of KICs is needed in order to evaluate properly the functioning of the EIT and the KICs and, where necessary, to introduce improvements. Within a period of 18 months from its creation, the Governing Board should select two or three KICs in areas that help the European Union to face current and future challenges, which could include such fields as climate change, renewable energy and the next generation of information and communication technologies. The selection and designation of further KICs should be enabled after the adoption of the first SIA, which, in order to address the long-term perspective, should also include detailed modalities on the operation of the EIT.~~

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↓ 294/2008 recital 25 (adapted)

- (21) Since the ~~objective~~ ☒ objectives ☒ of ☒ this Regulation ☒ ~~the action to be taken, namely to establish the EIT,~~ cannot be sufficiently achieved by the Member States ~~and~~ ☒ but ☒ can ☒ rather ☒ ~~therefore,~~ for reasons of scale and transnationality, be better achieved at ~~Community~~ ☒ Union ☒ level, the ~~Community~~ ☒ Union ☒ may adopt measures, in accordance with the principle of subsidiarity as set out in Article 5 of the Treaty ☒ on European Union ☒ . In accordance with the principle of proportionality, as set out in that Article, this Regulation does not go beyond what is necessary in order to achieve ☒ those objectives ☒ ~~that objective,~~

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↓ 294/2008 (adapted)

HAVE ADOPTED THIS REGULATION:

*Article 1*

**Subject matter**

A European Institute of Innovation and Technology (~~hereinafter referred to as the 'EIT'~~) is ~~hereby~~ established.

*Article 2*

**Definitions**

For the purpose of this Regulation, the following definitions shall apply:

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↓ 1292/2013 Art. 1.1(a)

(1) 'innovation' means the process, including its outcome, by which new ideas respond to societal or economic needs and demand and generate new products, services or business and organisational models that are successfully introduced into an existing market or that are able to create new markets and that provide value to society;

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↓ 1292/2013 Art. 1.1(b)

⇒ new

(2) 'Knowledge and Innovation Community' (KIC) means an autonomous ⇒ large-scale European ⇐ partnership of higher education institutions, research organisations, companies and other stakeholders in the innovation process in the form of a strategic network, regardless of its precise legal form, based on joint mid- to long-term innovation planning to meet the EIT challenges and contribute to attaining the objectives established under ~~Regulation (EU) No 1291/2013 of the European Parliament and of the Council~~<sup>18</sup> ('Horizon 2020') ⇒ the Union framework programme supporting research and innovation ⇐ ;

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↓ 1292/2013 Art. 1.1(c)

~~3. 'co location centre' means a geographical area where the main knowledge triangle partners are based and can easily interact, providing the focal point for the KICs' activity in that area;~~

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<sup>18</sup> ~~Regulation (EU) No 1291/2013 of 11 December 2013 of the European Parliament and of the Council establishing Horizon 2020 – The Framework Programme for Research and Innovation (2014–2020) and repealing Decision No 1982/2006/EC (OJ L 347, 20.12.2013, p. 104).~~

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↓ 1292/2013 Art. 1.1(e)  
⇒ new

~~(3)5~~ ‘partner organisation’ means any ~~organisation~~ ⇒ legal entity ⇐ which is a member of a KIC and may include, in particular, higher education institutions, ⇒ vocational education and training providers, ⇐ research organisations, public or private companies, financial institutions, regional and local authorities, foundations and non-profit organisations;

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↓ 294/2008  
⇒ new

~~(4)6~~ ‘research organisation’ means any public or private legal entity which undertakes research or technological development as one of its main objectives;

~~(5)7~~ ‘higher education institution’ means a university or any type of higher education institution which, in accordance with national legislation or practice, offers degrees and diplomas ⇒ in particular ⇐ at masters or doctoral level, irrespective of its denomination in the national context;

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↓ new

(6) ‘EIT Community’ means the EIT and the active community of all individuals and legal entities which benefited or benefit from the EIT financial contribution and support;

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↓ 294/2008

~~8. ‘degrees and diplomas’ means qualifications resulting in masters or doctorates awarded by participating higher education institutions in the context of higher education activities undertaken in a KIC;~~

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↓ 1292/2013 Art. 1.1(f)  
⇒ new

~~(7)9~~ ‘Strategic Innovation Agenda’ (‘SIA’) means a policy document outlining the priority fields and the long-term strategy of the EIT for future initiatives, ⇒ its capacity to generate the best innovation added-value, ⇐ including an overview of planned higher education, research and innovation activities over a period of seven years ⇒ , covering the respective MFF ⇐ ;

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↓ 1292/2013 Art. 1.1(g)

~~(8)9a~~ ‘Regional Innovation Scheme’ (‘RIS’) means an outreach scheme targeted at partnerships between higher education institutions, research organisations, companies and other stakeholders, in order to foster innovation across the Union;

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↓ 1292/2013 Art. 1.1(h)  
⇒ new

~~(9)10.~~ 'Stakeholder Forum' means a platform open to representatives of ⇒ Union institutions, ⇐ national, regional and local authorities, organised interests and individual entities from business, higher education, research, associations, civil society and cluster organisations, as well as other interested parties from across the knowledge triangle;

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↓ new

(10) 'KIC business plan' means a document describing the objectives and the planned KIC added-value activities;

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↓ 1292/2013 Art. 1.1(h)  
⇒ new

~~(11)~~ 'KIC added-value activities' means activities carried out by ⇒ KIC ⇐ partner organisations ~~or KIC legal entities, if applicable,~~ ⇒ in accordance with the KIC business plan, ⇐ contributing to the integration of the knowledge triangle of higher education, research and innovation, including the establishment, administrative and coordination activities of the KICs, and contributing to the overall objectives of the EIT~~;~~

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↓ new

(12) 'memorandum of co-operation' means an agreement between the EIT and a KIC aimed at keeping a KIC as an active member of the EIT Community after the end date of the framework partnership agreement, without any financial contribution from the EIT;

(13) 'financial sustainability' means a capacity of a KIC to fund its knowledge triangle activities independently after the end date of the framework partnership agreement.

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↓ 1292/2013 Art. 1.2 (adapted)  
⇒ new

### Article 3

#### Mission and objectives

The EIT's mission is to contribute to sustainable ~~European~~ ⊗ Union ⊗ economic growth and competitiveness by reinforcing the innovation capacity of the Member States and the Union in order to address major challenges faced by ⊗ the ⊗ ~~European~~ society. It shall do this by promoting synergies and cooperation among, and integrating, higher education, research and innovation of the highest standards, including by fostering entrepreneurship.

~~The EIT' General Objectives, Specific Objectives and result indicators for the period from 2014 to 2020 are defined in Horizon 2020.~~

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↓ new

The EIT shall contribute to deliver on the general and specific objectives of the Union framework programme supporting research and innovation.

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↓ 294/2008

#### Article ~~417~~

#### SIA

~~1. By 30 June 2011 at the latest and every seven years thereafter, the EIT shall prepare a seven-year draft SIA and submit it to the Commission.~~

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↓ 1292/2013 Art. 1.14(a)  
(adapted)  
⇒ new

~~1.~~ 12. The SIA shall define the priority fields and ~~the long-term~~ strategy for the EIT ⇒ for the seven-year period concerned, taking into account the Union framework programme supporting research and innovation, ⇐ and shall include an assessment of its socioeconomic impact and its capacity to generate the best innovation added-value. The SIA shall take into account the results of the monitoring and evaluation of the EIT as referred to in Article ~~1916~~.

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↓ 1292/2013 Art. 1.14(b)  
⇒ new

~~2a.~~ 2a. The SIA shall ~~include an analysis of potential and~~ ⇒ be aligned with the objectives of the Union framework programme supporting research and innovation, the strategic multiannual planning, reporting, monitoring and evaluation and other requirements of that programme, and foster synergies with other relevant Union programmes of the respective MFF, in particular with those supporting education and regional development. It shall also establish ⇐ appropriate synergies and complementarities between the EIT activities and other Union initiatives ⇒ , policies and ⇐ instruments ~~and programmes~~.

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↓ 294/2008 (adapted)

3. The SIA shall include an estimate of financial needs and sources in view of the future operation, long-term development and funding of the EIT. It shall also contain an indicative financial plan covering the period of the ~~financial framework~~ ⊗ respective MFF ⊗.

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↓ new

4. The EIT shall submit its contribution to the Commission's proposal for the SIA.

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↓ 1292/2013 Art. 1.14(c)  
(adapted)

54. Acting on ~~the~~  the  proposal from the Commission, the European Parliament and the Council shall adopt the SIA in accordance with Article 173(3) of the Treaty on the Functioning of the European Union.

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↓ 294/2008

*Article 54*

**EIT bodies**

1. The bodies of the EIT shall be:

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↓ 1292/2013 Art. 1.3(a) (adapted)  
⇒ new

(a) a Governing Board composed of high-level members experienced in higher education, research, innovation and business. It shall be responsible for steering the activities of the EIT, for the selection, designation ⇒ , monitoring ⇐ and evaluation of the KICs, and for all other strategic decisions;=

(b) ~~It shall be assisted by~~ an Executive Committee ⇒ composed of selected members and the Chairperson of the Governing Board. ⇐  It shall assist the Governing Board in the performance of its tasks  ⇒ and prepare the Governing Board meetings in cooperation with the Director ⇐;

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↓ 1292/2013 Art. 1.3(c) (adapted)  
⇒ new

(c) a Director, appointed by the Governing Board, who ~~shall be responsible to the Governing Board for the administrative and financial management of the EIT and~~ shall be the legal representative of the EIT  responsible for its operations and day-to-day management.  ⇒ The Director shall be accountable to the Governing Board and report to it on an ongoing basis on the development of the EIT and all activities falling under his/her responsibility ⇐;

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↓ 294/2008  
⇒ new

(d) an Internal Auditing Function ⇒ , operating in complete independence and in compliance with the relevant international standards, ⇐ which shall advise the Governing Board and the Director on financial and administrative management and control structures within the EIT, on the organisation of financial links with KICs and on any other subject requested by the Governing Board.

~~2. The Commission may appoint observers to take part in the meetings of the Governing Board.~~

23. The detailed provisions regarding the EIT bodies are set out in the Statutes of the EIT, annexed to this Regulation.

### Article ~~65~~

#### Tasks

In order to achieve its objective, the EIT shall ⇨ in particular ⇩ :

↓ 1292/2013 Art. 1.4(a)

(a) identify, in accordance with the SIA, its main priorities and activities;

↓ 294/2008

(b) raise awareness among potential partner organisations and encourage their participation in its activities;

↓ 1292/2013 Art. 1.4(b) (adapted)  
⇨ new

(c) select and designate KICs in the priority fields in accordance with Article ~~97~~ and define their rights and obligations by ⇨ framework partnership agreements and grant ⇩ ~~contractual agreement~~ ⊗ agreements ⊗ , provide them with appropriate support, apply appropriate quality control measures, ⊗ and ⊗ continuously monitor and periodically evaluate their activities;

(d) ensure an appropriate level of coordination and facilitate communication and thematic cooperation between the KICs ⇨ and launch calls for cross-KIC activities and shared services ⇩ ;

↓ 294/2008 (adapted)  
⇨ new

~~(d) mobilise funds from public and private sources and use its resources in accordance with this Regulation. It shall in particular seek to raise a significant and increasing proportion of its budget from private sources and from income generated by its own activities~~

(e) ~~encourage~~ ⊗ strengthen ⊗ the recognition ⇨ outside the EIT Community ⇩ ~~in the Member States~~ of degrees and diplomas which are awarded by ⊗ participating ⊗ higher education institutions ~~that are partner organisations~~ and which may be labelled EIT degrees and diplomas ⇨ and extend them to lifelong learning programmes ⇩ ;

↓ 1292/2013 Art. 1.4(c)

(f) promote the dissemination of best practices for the integration of the knowledge triangle, including among KICs, in order to develop a common



innovation and knowledge transfer culture, and encourage participation in outreach activities, including in the RIS;

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↓ 294/2008 (adapted)  
⇒ new

(g) ~~seek to become a world class body for~~ ⇒ foster ⇐ excellence in higher education, research and innovation ⇒ , in particular ⇐ ☒ by promoting the KICs as excellent innovation partners ☒;

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↓ 1292/2013 Art. 1.4(d)

(h) promote multidisciplinary approaches to innovation, including the integration of technological, social and non-technological solutions, organisational approaches and new business models;

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↓ 1292/2013 Art. 1.4(e) (adapted)  
⇒ new

(i) ensure complementarity and synergy between EIT activities and other Union programmes, where appropriate;

~~(j) promote the KICs as excellent innovation partners inside and outside the Union;~~

~~(j<sub>k</sub>) establish ☒ organise regular meetings of ☒ a Stakeholder Forum to inform about the activities of the EIT, its experiences, best practices and contribution to Union innovation, research and education policies and objectives and to allow stakeholders to express their views; A meeting of the Stakeholder Forum shall be convened at least once a year.~~

(k) ☒ organise meetings of a ☒ Member States' Representatives ⇒ Group, at least twice a year, independently from ⇐ ~~shall meet in a special configuration, within the meeting~~ ☒ meetings ☒ of the Stakeholder Forum, to ensure appropriate communication and flow of information with the EIT, and be informed of the achievements of, give advice to, and share experiences with, the EIT and the KICs. The ~~special configuration of~~ Member States' Representatives ⇒ Group ⇐ ~~within the Stakeholder Forum~~ shall also ensure appropriate synergies and complementarities between EIT and KIC activities with national programmes and initiatives, including the potential national co-financing of KIC activities;=

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↓ new

(l) design and coordinate support actions undertaken by the KICs for the development of entrepreneurial and innovation capacity of higher education institutions and their integration in innovation ecosystems.

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↓ 294/2008 (adapted)  
⇒ new

~~2. The EIT shall have power to establish a Foundation (hereinafter referred to as the EIT Foundation) with the specific objective of promoting and supporting the activities of the EIT.~~

## Article ~~76~~

### KICs

1. KICs shall ☒ in particular ☒ undertake ~~in particular~~:

(a) innovation activities and investments with European added value ⇒, including the support to the creation and development of innovative businesses, ⇐ fully integrating the higher education and research dimensions to attain a critical mass and stimulating the dissemination and exploitation of results;

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↓ 1292/2013 Art. 1.5(a) (adapted)  
⇒ new

(b) ~~cutting-edge and~~ innovation-driven ~~research~~ ⇒ experimentation, prototyping and demonstration ⇐ in areas of key economic and societal interest and drawing on the results of ~~European~~ ☒ Union ☒ and national research, with the potential to strengthen ~~Europe's~~ ☒ Union's ☒ competitiveness at international level and find solutions for the major challenges faced by European society;

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↓ 1292/2013 Art. 1.5(a)  
⇒ new

(c) education and training activities ⇒ in particular ⇐ at masters and doctoral level, as well as professional training courses, in disciplines with the potential to meet future European socio-economic needs and which expand the Union's talent base, promote the development of innovation-related skills, the improvement of managerial and entrepreneurial skills and the mobility of researchers and students, and foster knowledge-sharing, mentoring and networking among the recipients of EIT-labelled degrees and training;

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↓ 1292/2013 Art. 1.5(a)

(d) outreach activities and the dissemination of best practices in the innovation sector with a focus on the development of cooperation between higher education, research and business, including the service and financial sectors;

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↓ 1292/2013 Art. 1.5(a)

(e) to seek synergies and complementarities between KIC activities and existing European, national and regional programmes, where appropriate.

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↓ 1292/2013 Art. 1.5(b) (adapted)  
⇒ new

2. ⇒ Without prejudice to the framework partnership agreements and grant agreements between the EIT and the KICs, the ⇐ KICs shall have substantial overall autonomy to define their internal organisation and composition, as well as their precise agenda and working methods. In particular, KICs shall:

- (a) establish ⇒ internal ⇐ governance arrangements which reflect the knowledge triangle of higher education, research and innovation;
- (b) ~~aim to be open~~ ⊗ ensure their openness ⊗ to new members whenever they add value to the partnership;
- (c) function in an open and transparent way, in accordance with their internal rules;
- (d) establish ⊗ and implement ⊗ business plans ~~with objectives and key performance indicators~~;
- (e) ~~develop~~ ⊗ establish and implement ⊗ strategies for financial sustainability.

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↓ 294/2008 (adapted)  
⇒ new

3. The relationship between the EIT and each KIC shall be based on a ~~contractual~~ ⇒ framework partnership agreements and grant ⇐ ~~agreement~~ ⊗ agreements ⊗ .

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↓ new

## Article 8

### Rules for participation and dissemination

The rules for participation and dissemination of the Union framework programme supporting research and innovation shall apply. By way of derogation from those rules:

- (a) the minimum conditions to form a KIC are set out in Article 9(3) and (4) of this Regulation;
- (b) specific rules on ownership, access rights, exploitation and dissemination may apply for KIC added-value activities.

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↓ 294/2008

## Article 9~~7~~

### Selection of KICs

↓ 1292/2013 Art. 1.6(a) (adapted)  
⇒ new

1. A partnership shall be selected and designated by the EIT to become a KIC following a competitive, open and transparent procedure. ~~Detailed~~ ⊗ The ⊗ criteria ⇒ of the Union framework programme supporting research and innovation ⇐ for the selection of ~~the KICs~~, ⇒ European partnerships shall apply. The EIT Governing Board may further specify those criteria, by adopting and publishing criteria for the selection of KICs ⇐ based on the principles of excellence and innovation relevance, ~~shall be adopted and published by the EIT. External and independent experts shall be involved in the selection process.~~

↓ 1292/2013 Art. 1.6(b)

~~21a.~~ The EIT shall launch the selection and designation of KICs according to the priority fields and time schedule defined in the SIA.

↓ 1292/2013 Art. 1.6(c)

~~2. In accordance with the principles enshrined in paragraph 1, the selection criteria for the designation of a KIC shall, inter alia, include:~~

~~(a) the current and potential innovation capacity, including entrepreneurship, within the partnership as well as its excellence in higher education, research and innovation;~~

~~(b) the partnership's capacity to achieve the goals of the SIA and thereby contribute to the general objective and priorities of Horizon 2020;~~

~~(c) a multidisciplinary approach to innovation, including the integration of technological, social and non-technological solutions;~~

~~(d) the partnership's capacity to ensure sustainable and long-term self-supporting financing, including a substantial and increasing contribution from the private sector, industry and services;~~

~~(e) an appropriately balanced participation in the partnership of organisations active in the knowledge triangle of higher education, research and innovation;~~

~~(f) the demonstration of a plan for the management of intellectual property appropriate to the sector concerned, including the way in which contributions from the various partner organisations have been taken into account;~~

~~(g) measures to support the involvement of, and cooperation with, the private sector, including the financial sector and in particular SMEs, as well as the creation of start-ups, spin-offs and SMEs, with a view to the commercial exploitation of the results of the activities of KICs;~~

~~(h) readiness to establish concrete measures to interact and cooperate with the public and third sectors, as appropriate;~~

~~(i) readiness to interact with other organisations and networks outside the KIC with the aim of sharing best practices and excellence;~~

~~(j) readiness to establish concrete proposals for synergies with Union and other relevant initiatives.~~

↓ 1292/2013 Art. 1.6(d)

⇒ new

3. The minimum condition to form a KIC is the participation of at least three ⇒ independent ⇐ partner organisations, established in at least three different Member States. ~~All such partner organisations must be independent of each other, within the meaning of Article 8 of Regulation (EU) No 1290/2013 of the European Parliament and of the Council<sup>19</sup>.~~

↓ 1292/2013 Art. 1.6(e)

⇒ new

4. In addition to the condition set out in paragraph 3, at least two thirds of the partner organisations forming a KIC shall be established in the Member States. At least one higher education institution ⇒ , one research organisation ⇐ and one private company shall be part of each KIC.

↓ 1292/2013 Art. 1.6(f)

⇒ new

5. The EIT shall adopt and publish criteria and procedures for financing, monitoring and evaluating the activities of the KICs prior to the launching of the selection procedure for new KICs. The ~~special configuration of~~ Member States' ~~R~~representatives ⇒ Group referred to in Article 6(k) ⇐ ~~within the Stakeholder Forum~~ shall be promptly informed of them.

↓ 1292/2013 Art. 1.7 (adapted)

⇒ new

## Article ~~107a~~

### Principles for the evaluation and monitoring of KICs

The EIT shall, on the basis of ~~key performance~~ indicators set out, inter alia, in ~~Regulation (EU) No 1291/2013~~ ⇒ the Union framework programme supporting research and innovation ⇐ and in the SIA, and in ⇒ close ⇐ cooperation with the Commission, organise continuous monitoring and periodic external evaluations of the output, results and impact of each KIC. The results of such monitoring and evaluations shall be reported to the European Parliament and to the Council and shall be made public.

<sup>19</sup> ~~Regulation (EU) No 1290/2013 of the European Parliament and of the Council of 11 December 2013 laying down the rules for the participation and dissemination in 'Horizon 2020 — the Framework Programme for Research and Innovation (2014-2020)' and repealing Regulation (EC) No 1906/2006 (OJ L 347, 20.12.2013, p. 81)~~

## Article ~~117b~~

### Duration, continuation and termination of a KIC

~~1. Subject to the outcome of the continuous monitoring and periodic evaluations and to the specificities of particular fields, a KIC shall normally have a time frame of seven to fifteen years.~~

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↓ 1292/2013 Art. 1.7 (adapted)  
⇒ new

~~1.~~ 1. ⇒ By way of derogation from Article 130(4)(c) of the Financial Regulation, ~~the~~ EIT may establish a framework partnership agreement with a KIC for an initial period of seven years.

~~2.~~ 2. ⇒ Subject to the outcome of a comprehensive mid-term review before the expiry of the initial period of seven years, ~~the~~ Governing Board may decide to extend the framework partnership agreement with a KIC beyond the ~~initial~~ ~~initially set~~ ~~period~~ ~~initially set~~, ⇒ for another period of a maximum of seven years or to discontinue the EIT's financial contribution and not to extend the framework partnership agreement. The Governing Board shall take into account in particular the achieved level of financial sustainability of a KIC, its capacity to ensure openness to new members as well as ~~within~~ the limits of the Union financial envelope ⇒ contribution ~~referred to in Article 2019, if this is the most appropriate way to achieve~~ ⇒ and relevance with regard to ~~the~~ objectives of the EIT.

~~3.~~ 3. In the event that evaluations of a KIC show inadequate results ⇒ or lack of European added value ~~,~~ the Governing Board shall take appropriate measures, including the reduction, modification or withdrawal of ~~its~~ ~~the~~ EIT's ~~financial support~~ ~~contribution~~ ~~or~~ the termination of the ~~framework partnership~~ ~~agreement~~.

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↓ new

4. Subject to the outcome of a final review before the expiry of the fourteenth year of the framework partnership agreement, the EIT may conclude a memorandum of cooperation with a KIC.

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↓ 294/2008 (adapted)  
⇒ new

## Article ~~128~~

### Degrees and diplomas

1. Degrees and diplomas relating to the higher education activities referred to in point (c) of Article ~~76(1)(e)~~ shall be awarded by participating higher education institutions in accordance with national rules and accreditation procedures. The ⇒ framework partnership agreements and grant ~~contractual agreement~~ ~~agreements~~ ~~between~~ the EIT and the KICs shall provide that these degrees and diplomas may also be labelled EIT degrees and diplomas.

2. The EIT shall encourage participating higher education institutions to:
- (a) award joint or multiple degrees and diplomas, reflecting the integrated nature of the KICs. However, these may also be awarded by a single higher education institution;

↓ 1292/2013 Art. 1.8

- (~~bac~~) disseminate best practices on horizontal issues;

↓ 294/2008 (adapted)

- (~~cb~~) take into account:
- (i) ~~Community~~ ☒ Union ☒ action undertaken in accordance with Articles ~~149~~ ☒ 165 ☒ and ~~150~~ ☒ 166 ☒ of the Treaty;
- (ii) action undertaken in the context of the European Higher Education Area.

*Article ~~139~~*

☒ **Operational** ☒ ~~Independence of the EIT and consistency with~~ ☒ **Union** ☒  
~~Community, Member State or intergovernmental action~~

1. The EIT shall carry out its activities independently of national authorities and external pressures.
2. The activity of the EIT shall be consistent with other action and instruments to be implemented at ~~Community~~ ☒ Union ☒ level, in particular in the fields of higher education, research and innovation.
3. The EIT shall also take appropriate account of policies and initiatives at regional, national and intergovernmental levels in order to make use of best practices, well established concepts and existing resources.

↓ 294/2008 (adapted)

⇒ new

*Article ~~141~~*

**Legal status**

1. The EIT shall be a ~~Community~~ ☒ Union ☒ body and shall have legal personality. In each of the Member States, it shall enjoy the widest possible legal capacity accorded to legal persons under national legislation. In particular, it may acquire or dispose of movable and immovable property and be a party to legal proceedings.
2. ~~The~~ Protocol ☒ No 7 ☒ on the Privileges and Immunities of the European ~~Communities~~ ☒ Union ☒ shall apply to the EIT.



## Article ~~1512~~

### Liability

1. The EIT shall be solely responsible for meeting its obligations.
2. The contractual liability of the EIT shall be governed by the relevant contractual provisions and the law applicable to the contract in question. The Court of Justice shall have jurisdiction pursuant to any arbitration clause contained in a contract concluded by the EIT.
3. In the case of non-contractual liability, the EIT shall, in accordance with the general principles common to the laws of the Member States, make good any damage caused by it or its servants in the performance of their duties.

The Court of Justice shall have jurisdiction in any dispute relating to compensation for such damage.

4. Any payment by the EIT for covering the liability referred to in paragraphs 2 and 3 and the costs and expenses incurred in connection therewith shall be considered expenditure of the EIT and shall be covered by the resources of the EIT.
5. The Court of Justice shall have jurisdiction in actions brought against the EIT under the conditions provided for in Articles ~~230~~ 263 and ~~232~~ 265 of the Treaty.

## Article ~~1613~~

### Transparency and access to documents

1. The EIT and the KICs shall ensure that ~~its~~ their activities are conducted with a high level of transparency. In particular, the EIT and the KICs shall set up an accessible, free website providing information about ~~the~~ their activities ~~of the EIT and individual KICs~~.

↓ 1292/2013 Art. 1.10

2. The EIT shall make public its rules of procedure, its specific financial rules referred to in Article ~~221~~(1) and the detailed criteria for the selection of the KICs referred to in Article ~~97~~ before issuing calls for proposals for the selection of the KICs.

↓ 294/2008 (adapted)  
⇒ new

3. The EIT shall make public without delay its ~~rolling triennial work programme~~ ⇒ single programming document and ⇒ consolidated annual activity report referred to in Article ~~1815~~.

4. Without prejudice to paragraphs 5 and 6, the EIT shall not divulge to third parties confidential information it has received for which confidential treatment has been requested and is justified.

5. The members of the EIT bodies shall be subject to the confidentiality requirement referred to in Article ~~287~~ 339 of the Treaty.

The information gathered by the EIT in accordance with this Regulation shall be subject to Regulation (EU) 2018/1725 of the European Parliament and of the Council<sup>20</sup> ~~Regulation (EC) No 45/2001 of the European Parliament and of the Council of 18 December 2000 on the protection of individuals with regard to the processing of personal data by the Community institutions and bodies and on the free movement of such data~~<sup>21</sup>.

6. Regulation (EC) No 1049/2001 of the European Parliament and of the Council ~~of 30 May 2001 regarding public access to European Parliament, Council and Commission documents~~<sup>22</sup> shall apply to the documents held by the EIT. ~~The Governing Board shall adopt practical arrangements for applying that Regulation no later than six months after the EIT has been set up.~~

7. ~~Official documents and publications of the EIT shall be translated in accordance with the~~ Council ~~Regulation No 1 of 15 April 1958 determining the languages to be used by the European Economic Community~~<sup>23</sup> shall apply to the EIT. ~~The required translation services~~ required for the functioning of the EIT shall be provided by the Translation Centre for bodies of the European Union, set up by Council Regulation (EC) No 2965/1994<sup>24</sup>.

#### Article ~~17~~4

#### ~~Financial resources~~ Financing of the KICs

~~1. The EIT shall be financed through a contribution from the general budget of the European Union within the financial envelope as set out in Article 19 and other private and public sources.~~

↓ 1292/2013 Art. 1.11(a)  
(adapted)  
⇒ new

12. The KICs shall be financed, in particular, from the following sources:

(a) contributions from partner organisations, forming a substantial source of funding;

<sup>20</sup> Regulation (EU) 2018/1725 of the European Parliament and of the Council of 23 October 2018 on the protection of natural persons with regard to the processing of personal data by the Union institutions, bodies, offices and agencies and on the free movement of such data, and repealing Regulation (EC) No 45/2001 and Decision No 1247/2002/EC (OJ L 295, 21.11.2018, p. 39).

<sup>21</sup> OJ L 8, 12.1.2001, p. 1.

<sup>22</sup> Regulation (EC) No 1049/2001 of the European Parliament and of the Council of 30 May 2001 regarding public access to European Parliament, Council and Commission documents (OJ L 145, 31.5.2001, p. 43).

<sup>23</sup> Council Regulation No 1 of 15 April 1958 determining the languages to be used by the European Economic Community (OJ 17, 6.10.1958, p. 385/58). ~~Regulation as last amended by Regulation (EC) No 1791/2006 (OJ L 363, 20.12.2006, p. 1).~~

<sup>24</sup> Council Regulation (EC) No 2965/1994 of 28 November 1994 setting up a Translation Centre for bodies of the European Union (OJ L 314, 7.12.1994, p. 1). ~~Regulation as last amended by Regulation (EC) No 1645/2003 (OJ L 245, 29.9.2003, p. 12).~~

- (b) voluntary contributions from Member States,  associated countries or  third countries or public authorities within them;
- (c) contributions from international bodies or institutions;
- (d) revenue generated by the KICs' own assets and activities and royalties from intellectual property rights;
- (e) capital endowments, ~~including those managed by the EIT Foundation;~~
- (f) bequests, donations and contributions from individuals, institutions, foundations or any other ~~national~~ bodies  established under national law  ;
- (g) the  financial  contribution from the EIT;
- (h) financial instruments, including those funded from the general budget of the Union.

~~Contributions may include contributions in kind.~~

↓ 294/2008

23. The modalities for accessing funding from the EIT shall be defined in the financial rules of the EIT referred to in Article 22~~4~~(1).

↓ new

3. Budgetary commitments for actions extending over more than one financial year may be broken down over several years into annual instalments, subject to adequate monitoring of estimated financial needs of the KICs to be established on an annual basis.

↓ 1292/2013 Art. 1.11(b)  
(adapted)  
⇒ new

4. The EIT  financial  contribution to the KICs may cover up to 100 % of the total eligible costs of KIC added-value activities ⇒ in the initial stages of the KIC life ⇐ . ⇒ Such contribution shall gradually decrease over time in compliance with the co-funding rates defined in the SIA. ⇐

↓ 294/2008 (adapted)  
⇒ new

5. The KICs or their partner organisations may apply for ~~Community~~  Union  assistance  financial contribution  , in particular in the framework of ~~Community~~  Union  programmes and funds, in accordance with their respective rules ~~and on an equal footing with other applications~~. In that case, such  contribution  assistance shall not  cover the same costs  be attributed for activities already funded through the general budget of the European  under another  Union  programme  .

↓ 1292/2013 Art. 1.11(c)

~~6. The EIT contribution shall not, on average, exceed 25 % of a KIC's overall funding.~~

↓ new

6. Contributions from partner organisations to the financing of the KICs shall be determined in accordance with the co-funding rates referred to in paragraph 4 of this Article and reflect the KICs strategy for financial sustainability.

↓ 1292/2013 Art. 1.11(c)  
(adapted)  
⇒ new

7. The EIT shall establish a competitive ~~review~~  allocation  mechanism for ~~allocating~~  granting  an appropriate share of its financial contribution to the KICs. It shall include assessing the KICs' business plans and performance as measured by continuous monitoring  , and in particular their progress in achieving financial sustainability  .

↓ 1292/2013 Art. 1.12 (adapted)  
⇒ new

## Article ~~1815~~

### Programming and reporting

1. The EIT shall adopt a  single programming document  ~~rolling triennial work programme~~ based on the SIA,  in accordance with its financial rules  ~~once it is adopted,~~ containing  the following:

(a) a statement of the major priorities and planned initiatives of the EIT and the KICs;

(b) ~~including~~ an estimate of financing needs and sources;

(c) ~~It shall also contain~~ appropriate indicators for monitoring the KICs and EIT activities using a ~~results-oriented~~  an impact-oriented  approach; ~~The preliminary rolling triennial work programme shall be submitted by the EIT to the Commission by 31 December of the year which ends two years before the entry into force of the triennial work programme in question (year N - 2).~~

↓ new

(d) other components as laid down in its financial rules.

↓ 1292/2013 Art. 1.12 (adapted)  
⇒ new

~~The Commission shall deliver an opinion on EIT specific objectives as defined in Horizon 2020 and its complementarities with Union policies and instruments within three months of~~

~~the submission of the work programme. The EIT shall take due account of the Commission opinion and, in the event of disagreement, justify its position. The final work programme shall be transmitted by the EIT to the European Parliament, the Council, the Commission, the European Economic and Social Committee and the Committee of the Regions for information. Upon request, the Director shall present the final work programme to the committee responsible of the European Parliament.~~

2. The EIT shall adopt ~~an~~ ⇒ consolidated ⇐ annual ☒ activity ☒ report ~~by 30 June each year. The report~~ ☒, which ☒ shall ~~outline~~ ☒ include comprehensive information on ☒ the activities conducted by the EIT and the KICs during the preceding calendar year and ⇒ on the EIT's contribution to the objectives of the Union framework programme supporting research and innovation, and ⇐ ☒ to the Union innovation, research and education policies and objectives. It shall also ☒ assess the results with respect to the objectives, indicators and timetable set, the risks associated with the activities carried out, the use of resources and the general operation of the EIT. ⇒ The consolidated annual activity report shall include further comprehensive information in accordance with the EIT's financial rules. ⇐ ~~The EIT shall transmit the annual report to the European Parliament and the Council and inform them of the activities of the EIT, its contribution to Horizon 2020 and to the Union innovation, research and education policies and objectives at least once a year.~~

↓ 294/2008 (adapted)  
⇒ new

## *Article 1916*

### **Monitoring and evaluation of the EIT**

1. The EIT shall ensure that its activities, including those managed through KICs, shall be subject to continuous and systematic monitoring and periodic independent evaluation ⇒ in accordance with its financial rules ⇐, to ensure both the highest quality of outcome, scientific excellence and the most efficient use of resources. The outcomes of the evaluations shall be made public.

2. ~~By June 2011 and every three years after the entry into force of a new financial framework, the Commission shall provide for an evaluation~~ ☒ evaluations ☒ of the EIT ⇒ with the assistance of independent experts selected on the basis of a transparent process in accordance with its financial rules ⇐. ~~This shall be based on an independent external evaluation and~~ ☒ Those evaluations ☒ shall examine how the EIT fulfils its mission. ~~It shall~~ cover all activities of the EIT and the KICs and ~~shall~~ assess the ⇒ European ⇐ added value of the EIT, the impact, effectiveness, sustainability, efficiency and relevance of the activities pursued and their ~~relationship~~ ⇒ coherence ⇐ and/or complementarity with ⇒ relevant ⇐ ~~existing~~ national and ~~Community~~ ☒ Union ☒ policies ⇒, including synergies with other parts of the Union framework programme supporting research and innovation ⇐, ~~to support higher education, research and innovation.~~ ~~It~~ ☒ They ☒ shall take into account the views of stakeholders, at both European and national level ⇒ and feed into the Commission programme evaluations provided for in the Union framework programme supporting research and innovation ⇐.

↓ 1292/2013 Art. 1.13(b)  
(adapted)  
⇒ new

~~32a.~~ The Commission may carry out further evaluations of themes or topics of strategic relevance, with the assistance of independent experts ~~⇒~~ selected on the basis of a transparent process ~~⇐~~, to examine the progress made by the EIT towards the objectives set, identify the factors contributing to the implementation of the activities and identify best practices. ~~In so doing~~ ~~⊗~~ By carrying out those further evaluations ~~⊗~~, the Commission shall fully consider the administrative impact on the EIT and the KICs.

↓ 294/2008 (adapted)

~~43.~~ The Commission shall ~~forward~~ ~~⊗~~ communicate ~~⊗~~ the results of the ~~⊗~~ evaluations ~~⊗~~ ~~evaluation, together with~~ ~~⊗~~ accompanied by ~~⊗~~ its ~~⊗~~ observations ~~⊗~~ ~~own opinion and, where appropriate, any proposals to amend this Regulation,~~ to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions. The Governing Board shall take due account of the findings of evaluations in the programmes and operations of the EIT.

↓ 294/2008 (adapted)

### ~~Article 18~~

#### ~~Initial phase~~

~~1. Within 12 months after its creation, the Governing Board shall submit the draft of the first rolling triennial work programme, referred to in Article 15(a), to the European Parliament, the Council and the Commission. The European Parliament, the Council and the Commission may each address an opinion to the Governing Board on any subject covered in draft within three months of the day on which they received it. Where such opinions are addressed to it, the Governing Board shall reply within a period of three months, indicating any adjustments in the priorities and planned activities.~~

~~2. Within a period of 18 months from the date of creation of the Governing Board, the EIT shall select and designate two or three KICs in accordance with the criteria and procedures set out in Article 7.~~

~~3. The Commission shall submit the proposal for the first SIA, on the basis of the draft provided by the EIT, to the European Parliament and the Council before the end of 2011.~~

~~In addition to the content of a SIA in accordance with Article 17, the first SIA shall include:~~

- ~~(a) detailed specifications and terms of reference concerning the operation of the EIT;~~
- ~~(b) the modalities for cooperation between the Governing Board and the KICs;~~
- ~~(c) modalities of the funding of the KICs.~~

~~4. After the adoption of the first SIA in accordance with Article 17(4), the Governing Board may select and designate additional KICs pursuant to the provisions of Articles 6 and 7.~~

↓ 1292/2013 Art. 1.15 (adapted)  
⇒ new

#### *Article ~~2019~~*

### **Budgetary commitments** ☒ **EIT budget** ☒

~~1. The financial envelope from Horizon 2020 for the implementation of this Regulation during the period from 1 January 2014 to 31 December 2020 is set at EUR 2711,4 million in current prices.~~

↓ new

1. The revenue of the EIT shall consist of a contribution from the Union. The revenue of the EIT may also include a contribution from other private and public sources.

The Union contribution may be provided through a financial contribution from the Union framework programme supporting research and innovation and other Union programmes, without prejudice to the amounts decided in the respective MFF.

↓ 1292/2013 Art. 1.15  
⇒ new

~~2. That amount shall constitute the prime reference for the European Parliament and the Council during the budgetary procedure, within the meaning of point 17 of the Interinstitutional Agreement of 2 December 2013 between the European Parliament, the Council and the Commission on budgetary discipline, on cooperation in budgetary matters and on sound financial management<sup>25</sup>.~~

~~23. The annual appropriations shall be authorised by the European Parliament and the Council within the limits of the financial framework.~~ The EIT financial contribution to the KICs shall be provided under this financial envelope ⇒ from the Union contribution referred in paragraph 1 ⇐ .

↓ 294/2008  
⇒ new

#### *Article ~~2120~~*

### **Preparation and adoption of the annual budget**

1. ⇒ The content and structure of the budget of the EIT shall be established in accordance with its financial rules. ⇐ The expenditure of the EIT shall include the staff,

<sup>25</sup> OJ C 373, 20.12.2013, p. 1



administrative, infrastructure and operational expenses. Administrative expenditure shall be kept to a minimum.

~~2. The financial year shall correspond to the calendar year.~~

23. The Director shall draw up an estimate of the revenue and expenditure of the EIT for the following financial year and shall forward it to the Governing Board.

~~4. Revenue and expenditure shall be in balance.~~

↓ 1292/2013 Art. 1.16(a)  
⇒ new

35. The Governing Board shall adopt the draft estimate <sup>⇒</sup> of EIT's revenue and expenditure <sup>⇐</sup>, accompanied by a draft establishment plan, ~~and the preliminary rolling triennial work programme~~ and forward them <sup>⇒</sup> as a part of the single programming document by the date specified in the EIT's financial rules <sup>⇐</sup> to <sup>⇒</sup> the European Parliament, the Council and <sup>⇐</sup> the Commission ~~by 31 December of the year N-2.~~

↓ 1292/2013 Art. 1.16(b)

~~6. On the basis of the estimate, the Commission shall enter in the draft general budget of the Union the estimates it deems necessary for the amount of the subsidy to be charged to the general budget.~~

↓ 294/2008 (adapted)

~~7. The budgetary authority shall authorise the appropriations for the subsidy to the EIT.~~

48. The Governing Board shall adopt the EIT budget, which shall become final following the final adoption of the general budget of the European Union. Where appropriate, it shall be adjusted accordingly.

59. The Governing Board shall, as soon as possible, notify the budgetary authority of its intention to implement any project which may have significant financial implications for the funding of the EIT budget, in particular any projects relating to property such as the rental or purchase of buildings. It shall inform the Commission thereof.

640. Any substantial modification of the budget shall follow the same procedure.

#### Article ~~2224~~

### Implementation and control of the budget

1. The EIT shall adopt its financial rules in accordance with Article ~~185(1)~~ 70(3) of  the Financial Regulation  ~~Regulation (EC, Euratom) No 1605/2002. These may not depart from Regulation (EC, Euratom) No 2343/2002 except where the EIT's specific operating needs so require and with the Commission's prior consent. Due account~~

⊗ Appropriate consideration ⊗ shall be given to the need for adequate operational flexibility in order to enable the EIT to achieve its objectives and attract and retain private sector partners.

↓ 1292/2013 Art. 1.17(a)  
⇒ new

~~21a.~~ The financial contribution to the EIT ⇒ from the Union framework programme supporting research and innovation and other Union programmes ⇐ shall be implemented in accordance with ⇒ the rules of those programmes ⇐ ~~Regulation (EU) No 1290/2013 and with Regulation (EU) No 1291/2013.~~

↓ 294/2008

~~32.~~ The Director shall implement the budget of the EIT.

~~43.~~ The accounts of the EIT shall be consolidated with the Commission's accounts.

↓ 1292/2013 Art. 1.17(b)

~~4.~~ Upon a recommendation from the Council, the European Parliament shall, before 15 May of the year nN + 2, give a discharge for the year N to the Director in respect of the implementation of the EIT budget for year n.

↓ 294/2008 (adapted)  
⇒ new

#### Article ~~2322~~

### Protection of the financial interests of the ~~Community~~ ⊗ Union ⊗

1. With a view to combating fraud, corruption and other illegal acts, ~~Regulation (EC) No 1073/1999 of the European Parliament and of the Council of 25 May 1999 concerning investigations conducted by the European Anti-Fraud Office (OLAF)~~<sup>26</sup> Regulation (EU, Euratom) No 883/2013 of the European Parliament and of the Council<sup>27</sup> shall apply to the EIT in its entirety.

2. The EIT shall accede to the Interinstitutional Agreement of 25 May 1999 between the European Parliament, the Council of the European Union and the Commission of the European Communities concerning internal investigations by the European Anti-fraud Office (OLAF)<sup>28</sup>. The Governing Board shall formalise this accession and adopt the necessary measures to help OLAF carry out internal investigations.

<sup>26</sup> ~~OJ L 136, 31.5.1999, p. 1.~~

<sup>27</sup> Regulation (EU, Euratom) No 883/2013 of the European Parliament and of the Council of 11 September 2013 concerning investigations conducted by the European Anti-Fraud Office (OLAF) and repealing Regulation (EC) No 1073/1999 of the European Parliament and of the Council and Council Regulation (Euratom) No 1074/1999 (OJ L 248, 18.9.2013, p. 1).

<sup>28</sup> OJ L 136, 31.5.1999, p. 15.

3. All decisions adopted and ~~contracts~~ ⇒ framework partnership agreements or grant agreements ⇐ concluded by the EIT shall provide explicitly that OLAF and the Court of Auditors may carry out on-the-spot inspections of the documents of all contractors and sub-contractors which have received ~~Community~~ ⊗ Union ⊗ funds, including at the premises of the final beneficiaries.

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↓ 1292/2013 Art. 1.19  
⇒ new

*Article ~~2422a~~*

### **Winding up of the EIT**

In the event of the EIT being wound up, its liquidation shall take place under the supervision of the Commission in accordance with the applicable laws. The ~~contractual~~ ⇒ framework partnership agreements or grant ⇐ agreements with the KICs ~~and the act establishing the EIT Foundation~~ shall lay down the appropriate provisions in such situation.

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↓ 294/2008  
⇒ new

*Article ~~2523~~*

### **Statutes**

The Statutes of the EIT ⇒ are ⇐ ~~as~~ set out in ~~the~~ Annex I, ~~are hereby adopted~~.

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↓ new

*Article 26*

### **Repeal**

Regulation (EC) No 294/2008 is repealed.

References to the repealed Regulation shall be construed as references to this Regulation and shall be read in accordance with the correlation table in Annex III.

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↓ 294/2008 (adapted)

*Article ~~2724~~*

### **Entry into force**

This Regulation shall enter into force on the ~~20th~~ ⊗ twentieth ⊗ day following ⊗ that of ⊗ its publication in the *Official Journal of the European Union*.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels,

*For the European Parliament*  
*The President*

*For the Council*  
*The President*

**LEGISLATIVE FINANCIAL STATEMENT**

## **1. FRAMEWORK OF THE PROPOSAL/INITIATIVE**

- 1.1. Title of the proposal/initiative
- 1.2. Policy area(s) concerned (Programme cluster)
- 1.3. The proposal/initiative relates to:
- 1.4. Grounds for the proposal/initiative
  - 1.4.1. *Requirement(s) to be met in the short or long term including a detailed timeline for roll-out of the implementation of the initiative*
  - 1.4.2. *Added value of Union involvement (it may result from different factors, e.g. coordination gains, legal certainty, greater effectiveness or complementarities). For the purposes of this point 'added value of Union involvement' is the value resulting from Union intervention which is additional to the value that would have been otherwise created by Member States alone*
  - 1.4.3. *Lessons learned from similar experiences in the past*
  - 1.4.4. *Compatibility and possible synergy with other appropriate instruments*
- 1.5. Duration and financial impact
- 1.6. Management mode(s) planned
- 1.7. Management mode(s) planned

## **2. MANAGEMENT MEASURES**

- 2.1. Monitoring and reporting rules
- 2.2. Management and control system(s)
  - 2.2.1. *Justification of the management mode(s), the funding implementation mechanism(s), the payment modalities and the control strategy proposed*
  - 2.2.2. *Information concerning the risks identified and the internal control system(s) set up to mitigate them*
  - 2.2.3. *Estimation and justification of the cost-effectiveness of the controls (ratio of "control costs ÷ value of the related funds managed"), and assessment of the expected levels of risk of error (at payment & at closure)*
- 2.3. Measures to prevent fraud and irregularities

## **3. ESTIMATED FINANCIAL IMPACT OF THE PROPOSAL/INITIATIVE**

- 3.1. Heading of the multiannual financial framework and new expenditure budget line(s) proposed

3.2. Estimated impact on expenditure

*3.2.1. Summary of estimated impact on expenditure*

*3.2.2. Summary of estimated impact on appropriations of an administrative nature*

*3.2.3. Third-party contributions*

3.3. Estimated impact on revenue



## LEGISLATIVE FINANCIAL STATEMENT

### 1. FRAMEWORK OF THE PROPOSAL/INITIATIVE

#### 1.1. Title of the proposal/initiative

Amendment of the Regulation of the European Parliament and the Council establishing the European Institute of Innovation and Technology (EIT), and  
Decision of the European Parliament and of the Council on establishing a Strategic Innovation Agenda of the European Institute of Innovation and Technology (EIT) 2021-2027

#### 1.2. Policy area(s) concerned (Programme cluster)

Horizon Europe – the Framework Programme for Research and Innovation (2021-2027)

#### 1.3. The proposal/initiative relates to:

a new action

a new action following a pilot project/preparatory action<sup>29</sup>

the extension of an existing action

a merger or redirection of one or more actions towards another/a new action

#### 1.4. Grounds for the proposal/initiative

##### 1.4.1. Requirement(s) to be met in the short or long term including a detailed timeline for roll-out of the implementation of the initiative

The European Institute of Innovation and Technology (EIT) is an integral part of the Commission's proposal for Horizon Europe (2021 – 2027) under the Open Innovation Pillar but has a separate legal base (the EIT Regulation).

The Horizon Europe proposal<sup>30</sup> confirmed the importance and contribution of the EIT and its KICs in delivering the EU's strategic priorities in the area of innovation. It proposes the EIT budget for 2021-2027<sup>31</sup>, its scope, added-value and main areas of activity, while pointing to a revised role of the EIT in order to reinforce its contribution to Horizon Europe's objectives.

The initiative aims to make the EIT Regulation compatible with Horizon Europe and improve the functioning of the EIT taking into account the lessons learnt from the past years. It also aims to propose a new Strategic Innovation Agenda (SIA), which

<sup>29</sup> As referred to in Article 58(2)(a) or (b) of the Financial Regulation.

<sup>30</sup> COM (2018) 435 final.

<sup>31</sup> Article 9(2)(c)(2).

sets out the strategy and priorities of the EIT for the period 2021-2027 and defines its objectives, key actions, expected results and resources needed.

The overall mission of the EIT for the period 2021-2027 is to contribute to sustainable European economic growth and competitiveness by reinforcing the innovation capacity of the Member States and the Union. It shall do this by promoting and integrating education, research and innovation of the highest standards.

The EIT will continue to operate primarily through its Knowledge Innovation Communities (KICs), which are large-scale European partnerships addressing specific societal challenges. It will continue to strengthen innovation ecosystems around them by fostering the integration of the three sides of the Knowledge Triangle. Each KIC will keep its organisational structure, based on “Co-Location Centres”, which are the geographical centres bringing together the actors of the Knowledge Triangle and allowing for geographical proximity and closer collaboration.

The EIT will implement activities aiming at:

- (1) Strengthening sustainable innovation ecosystems across Europe;
- (2) Fostering the development of entrepreneurial and innovation skills in a lifelong learning perspective and support the entrepreneurial transformation of EU HEIs;
- (3) Bringing new solutions to global challenges to the market.

In delivering on its activities, the EIT will develop synergies and bring added value within Horizon Europe. The implementation will take place via support to KICs and through EIT-coordinated activities.

Support to KICs:

The EIT will consolidate the eight existing KICs, fostering their growth and impact, and accompany their transition to financial sustainability. In particular, this will concern the first wave of three KICs launched in 2009 (EIT Climate, EIT Digital and EIT InnoEnergy) whose framework partnership agreements will terminate after 2024.

The EIT will also launch two new KICs in specific thematic areas in order to tackle future emerging global societal challenges and needs (calls foreseen in 2021 and 2024).

The EIT will provide support to KICs that are running portfolios of knowledge triangle activities through:

1- *Education and training activities* with strong entrepreneurship components to train the next generation of talents, including the design and implementation of EIT-labelled programmes, in particular at master and doctoral level (EIT Label);

2- *Activities supporting innovation* to develop products and services that address a specific business opportunity;

3- *Business creation and support activities*, such as accelerator schemes to help entrepreneurs translate their ideas into successful ventures and speed up the growth process.

*EIT-coordinated activities:*

The EIT will aim at supporting higher education institutions (HEIs) to integrate better in innovation value chains and ecosystems. The EIT will implement, through its KICs, a support action bringing together in projects HEIs and other key innovation players such as businesses to work on strategic capacity development areas. The partners will share common goals and work together towards mutually beneficial results and outcomes. The action will ensure an inclusive approach to attract HEIs beyond the KICs' partners; an inter-disciplinary and inter-sectoral approach; and a link with the European Commission Smart Specialization Strategy, relevant thematic platforms and the EIT RIS.

Through the Regional Innovation Scheme and the new EIT-coordinated activities, the EIT will increase its regional innovation outreach and related impact.

- 1.4.2. *Added value of Union involvement (it may result from different factors, e.g. coordination gains, legal certainty, greater effectiveness or complementarities). For the purposes of this point 'added value of Union involvement' is the value resulting from Union intervention which is additional to the value that would have been otherwise created by Member States alone*

Reasons for action at European level (ex-ante)

The nature and scale of the innovation challenges require mobilising players and resources at European scale, by fostering cross-border collaboration. There is a need to break down silos between disciplines and along value chains and nurture the establishment of a favourable environment for an effective exchange of knowledge and expertise, and for the development and attraction of entrepreneurial talents.

The Horizon Europe impact assessment identified specific structural weaknesses in the EU's innovation capacity that need to be addressed at EU level and that would be the focus of the EIT's contributions. In particular, European Higher Education Institutions need to stimulate entrepreneurship, overcome disciplinary borders and institutionalise strong EU wide non-disciplinary academia-industry collaborations. Access to entrepreneurial talent, together with access to professional services, capital and markets on the EU level, and bringing key innovation actors together around a common goal are key ingredients for nurturing an innovation ecosystem. There is a need to coordinate efforts across the EU in order to create a critical mass of interconnected EU-wide entrepreneurial clusters and ecosystems. This level of magnitude and scale of intervention goes beyond what Member States can do alone and require an intervention at EU level.

Expected generated Union added value (ex-post)

The EIT is expected to meet its objectives for the period 2021 – 2027 as outlined in the Horizon Europe proposal. The specific benefit of EU investment in the EIT will result in:

- the creation of new environments conducive to collaboration and innovation;

- stronger innovation capabilities of academia and the research sector;
- new generation of entrepreneurial people;
- the creation and the development of innovative ventures;
- wider regional outreach of EIT's innovation activities.

#### 1.4.3. *Lessons learned from similar experiences in the past*

The EIT was set up in 2008 to address major societal challenges by improving the innovation capacity and performance of the EU. In 2017, the mid-term evaluation of the EIT concluded that the EIT remains strongly relevant and has a clear EU added-value. There is no other instrument that builds EU-wide innovation networks of education, research, business and other stakeholders.

The EIT has created Europe's an innovation ecosystem with more than 1200 partners from business, research and education, organised in 8 Knowledge and Innovation Communities (KICs) spanning over 40 co-location centres. More than 50% of partners from the business sector (industry, SMEs and start-ups) demonstrate that the instrument is close to the market. The EIT Community brings results: over 600 new products and services launched in the market, more than 1250 start-ups and innovative ventures supported, more than 890 MEUR of external investment; and more than 6.000 created jobs. The first cohorts of some 1.700 graduates from EIT labelled master courses are now entering the labour market.

The EIT's design as an independent body allows it to be flexible, autonomous, business driven and agile in decision-making. The time to grant is 4 months as compared to an average of 6 months in Horizon 2020. The rules for competitive funding, financial sustainability and simplification foster innovation in KICs. The EIT administrative costs are very low with less than 2% of the total budget compared to the average of 4.6% reported for Horizon 2020.

For 2021-2027, main improvements to the EIT will aim in particular at:

- Further simplification of procedures for the efficient management of KICs (e.g. with the introduction of a new co-funding mechanism, multi-annuality of grants, etc.).
- Supporting better integration of HEIs in innovation value chains and ecosystems
- Addressing more global challenges by launching 2 new KICs
- Reinforcing openness and transparency of the KICs and their alignment with the proposed approach for European Partnerships under Horizon Europe
- Increasing EIT's impact at regional and local levels and in particular in countries with lower innovation performance
- Increasing the visibility of the EIT's action in MS and beyond
- Increasing the synergies and complementarities with other Horizon Europe and other EU and MS instruments

#### 1.4.4. *Compatibility and possible synergy with other appropriate instruments*

Building on its broad scope of action and distinctive role, the EIT is well placed to create synergies and provide complementarities with other EU programmes or instruments, including by reinforcing its support to KICs in their planning and implementing activities. The non-exhaustive list below offers concrete examples where the EIT will contribute to synergies in the mid to long term within and beyond Horizon Europe.

Horizon Europe: Strong synergies between the EIT and the entire Horizon Europe Programme are expected. In particular, synergies with the EIC will be key for the impact of the Open Innovation Pillar as well as the support to ecosystems.

In the [Global Challenges and Industrial Competitiveness] Pillar, through its KICs, the EIT can collaborate with European Partnerships, contribute to missions, support demand-side measures and provide exploitation services to boost technology transfer and accelerate the commercialisation of results achieved by the thematic clusters or other European partnerships.

Erasmus: Erasmus and EIT will establish synergies between their respective communities. Cooperation will be geared towards ensuring access for Erasmus learners participating in KIC partner education and training institutions to KICs' summer schools or other relevant training activities (for instance, on entrepreneurship and innovation management) and establishing contacts with the KICs' alumni network.

Synergies will be ensured, where possible, with the European Universities initiative that could help mainstream EIT's educational and training activities to reach a systemic impact.

Digital Europe Programme (DEP): KICs' co-location centres will collaborate with the European Digital Innovation Hubs to support the digital transformation of the industry and public sector organisations.

Cohesion Policy Funds (in particular ERDF and ESIF+): EIT KICs, through their co-location centres, will promote regional and cross-regional cooperation between the knowledge triangle actors (education, research, business) and managing authorities, in synergy with the work of the European Commission on interregional cooperation and investments in related smart specialisation priorities.

InvestEU: EIT KICs will seek the collaboration of the InvestEU Advisory Hub to provide technical support and assistance to KICs'-backed ventures for the preparation, development, and implementation of projects.

Creative Europe: The Programme will be specifically relevant for the activities of a future KIC on CCI. Strong synergies and complementarities will be developed with the programme in areas such as creative skills, jobs and business models.

## 1.5. Duration and financial impact

### limited duration

in effect from [01/01]2021 to [31/12]2027

Financial impact from 2021 to 2027 for commitment appropriations and from 2021 to 2029 for payment appropriations.

### unlimited duration

Implementation with a start-up period from YYYY to YYYY,  
followed by full-scale operation.

## 1.6. Management mode(s) planned<sup>32</sup>

**Direct management** by the Commission

by its departments, including by its staff in the Union delegations;

by the executive agencies

**Shared management** with the Member States

**Indirect management** by entrusting budget implementation tasks to:

third countries or the bodies they have designated;

international organisations and their agencies (to be specified);

the EIB and the European Investment Fund;

bodies referred to in Articles 70 and 71 of the Financial Regulation;

public law bodies;

bodies governed by private law with a public service mission to the extent that they provide adequate financial guarantees;

bodies governed by the private law of a Member State that are entrusted with the implementation of a public-private partnership and that provide adequate financial guarantees;

persons entrusted with the implementation of specific actions in the CFSP pursuant to Title V of the TEU, and identified in the relevant basic act.

*If more than one management mode is indicated, please provide details in the 'Comments' section.*

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<sup>32</sup> Details of management modes and references to the Financial Regulation may be found on the BudgWeb site:  
<https://myintracomm.ec.europa.eu/budgweb/EN/man/budgmanag/Pages/budgmanag.aspx>

## 2. MANAGEMENT MEASURES

### 2.1. Monitoring and reporting rules

*Specify frequency and conditions.*

The EIT will apply an evaluation and monitoring framework that allows flexibility at all relevant levels and ensures coherence with the general objectives of Horizon Europe and the impacts sought. In particular, feedback loops between the Commission, EIT and KICs will be ensured in order to address the objectives in a consistent, coherent and efficient manner.

#### MONITORING

The EIT monitoring will be set up in line with the following layers:

1. The monitoring of the implementation of its operational budget, mainly through KICs, will be a primary task of the EIT. The Commission will take part in the co-design of all relevant impact and monitoring tools developed or applied by the EIT in order to ensure compatibility and consistency with the overall Horizon Europe monitoring system, including the key impact pathways, the criteria framework for European Partnerships and the Strategic Planning Process.

It will be a responsibility of the EIT to regularly monitor the operational performance and results of the KICs and to adapt continuously its monitoring systems. The results of such monitoring will feed into KICs' business planning processes and the EIT decision-making on the allocation of the budget, the preparation of the framework partnership agreements and specific grant agreements with the KICs as beneficiaries.

2. The monitoring of the EIT's own activities (outputs, results and impacts of the activities) will combine quantitative and qualitative indicators in a medium-term perspective. Following the granting of the full financial autonomy to the EIT in January 2018, a Memorandum of Understanding (MoU) has been signed between the EIT and the Commission (DG EAC). This MoU defines the modalities of cooperation between them and the detailed arrangements concerning the provision of the financial contribution from the general budget of the European Union to the EIT.

This monitoring of EIT's activities will track the degree of achievement of the SIA and Single Programming Document through the analysis of its indicators. It will also measure for instance the EIT's performance in providing support to the KICs, manage projects linked to the EIT coordinated activities, the intensity and coverage of awareness raising and outreach event (the number of workshop and best practice events), dissemination and international activities and the impact of the EIT in the wider European policy innovation, research and education agendas.

3.

The periodic evaluations of the EIT activities, including those managed through KICs, will be carried out by the Commission in 2023 and 2026 in line with the EIT Regulation and Horizon Europe Regulation. Those evaluations will assess the effectiveness, efficiency, relevance, coherence and EU added value of the EIT



activities. They will be based on independent external evaluations and will feed into the mid-term and ex-post evaluations of the overall Horizon Europe programme with a view to ensure synergies between the EIT and other parts of the programme. Moreover, the Commission may at any time carry out further evaluations on themes or topics of strategic relevance. The synergies of EIT planned activities with other EU programmes should be assured via the assessment by the Commission of the EIT Single Programming Document.

## REPORTING

The EIT is a Union body receiving a subsidy from the European Union budget. From a financial management and control perspective, the EIT will be treated like other bodies set up under the Treaty. This means that the Inter-institutional Agreement<sup>33</sup> between the European Parliament, the Council and the Commission on budgetary discipline, on cooperation in budgetary matters and on sound financial management applies to the EIT.

. As regards the reporting on the implementation of the monitoring system:

- The *Single Programming Document (SPD)* of the EIT, adopted yearly, contains a multiannual work programme (n+3) and an annual work programme (n+1). These work programmes shall set out the overall strategic programming for the years n+1 to n+3, including the objectives, expected results and performance indicators to monitor the achievement of the objectives and the results. In addition, the SPD will contain among others an estimate of its revenue and expenditure; a resources programming document; information on its building policy; strategy for achieving efficiency gains and synergies; strategy for the organisational management and internal control systems including their anti-fraud strategy as last updated and an indication of measures to prevent recurrence of cases of conflict of interest, irregularities and fraud.
- The *Annual Activity Report (AAR)* for the previous year (n-1) will include the results of the monitoring process for n-1 and describe how and to what extent objectives have been achieved. The AAR should take account of the Cost and Performance Reports of the KIC for the previous year (n-1) of their operations.

The KICs reporting conditions have been established under the Framework Partnerships Agreement and the Grant Agreements (performance and cost reporting). In order to increase the efficiency and cost-effectiveness and based on the experience gained by the EIT during the implementation of the grant agreements by the KICs, a number of simplification measures will be implemented in the grant management process, which will have as major goals to reduce the administrative workload for KICs and to increase the quality of data gathered.

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<sup>33</sup> COM (2018) 323 final, of 2.5.2018

## 2.2. Management and control system(s)

### 2.2.1. *Justification of the management mode(s), the funding implementation mechanism(s), the payment modalities and the control strategy proposed*

As a body fully integrated into the Horizon Europe programme, the funding implementation mechanisms, payment modalities, and control strategy proposed are aligned to those of Horizon Europe to ensure the beneficiaries and stakeholders experience a consistent approach as regards eligibility rules and sound financial management.

The EIT's performance in 2014-2020, with an error rate found to be consistently below 2%, is one of the best in the research family, and due to its bespoke design, combines low error rates with a control approach which by careful use of outsourcing keeps control costs low while retaining effectiveness and efficiency.

### 2.2.2. *Information concerning the risks identified and the internal control system(s) set up to mitigate them*

Taking into account the clear need to manage the European budget in an efficient and effective manner, and to ensure sound financial management, the EIT has in place an internal control system to give reasonable assurance that the error over the course of the multiannual expenditure period, is within, and indeed lower than, the limits proposed under Horizon Europe. The EIT internal control framework will also build on: the Commission Internal Control Standards, EIT's own procedures, ex-ante checks of 100% of KICs' declared expenditures financed by the EIT, audit certificates, ex-ante certification of cost declaration methodologies, ex-post audits on a sample of claims, projects results and external evaluation.

The EIT has in place the organisational structure and the internal management and control systems and procedures suited to the performance of the EIT duties. This has been done in compliance with the standards adopted by the Governing Board on the basis of equivalent standards laid down by the Commission, and having due regard to the risks associated with the management environment and the nature of the action financed.

The Risk Management Exercise is done on a yearly basis in order to mitigate any risks linked with the implementation of all EIT activities. In this context, the EIT should take into account, when establishing the internal control framework, the risks of the activities implemented, the specific characteristics of the population and recurrence of beneficiaries, the frequency of the grants awarded and the size of transactions as well as avoiding any overlap of funding.

A number of simplification measures put in place from 2014 have resulted in reducing the error rates. The detected error rate resulting from the ex-post verification of the EIT grants is well below the materiality level of 2 %.

The control system set up by the EIT provides reasonable assurance of achieving adequate management of the risks relating to the effectiveness and efficiency of the operations, assuring the legality and regularity of the underlying transactions and achieving a balance between trust and control. As part of the control system

implemented by the EIT, the audit strategy is based on the financial audit of a representative sample of expenditure across the whole EIT budget, notably through the annual grants awarded to KICs in a yearly basis. This representative sample may be complemented by a selection based on an assessment of the risks related to expenditure during the ex-ante checks of 100% of claims and the experience obtained will be used in the assessment of the control framework of risk assessment for grants implementation. Audits of expenditure will continue to be carried out in a coherent manner in accordance with the principles of economy, efficiency and effectiveness.

As regards the internal control Framework of the EIT, the EIT has developed an overall strategy, including a supervisory structure, on the implementation of internal control processes that support the entire expenditure life cycle. Its senior management ensures that this overall strategy is formally accepted by the Governing Board and implemented. Major elements of this strategy are a planning and reporting exercise following the Commission standards and linked with the Risk-Management approach. Moreover, the EIT has also developed a number of Standard Operating Procedures (SOP). The SOP are detailed, written instructions to achieve uniformity of the performance of a specific process; the instructions usually cover more than one task or area within the EIT, Unit, Section or teams.

Audit certificates on the financial statements are provided by the KICs and the different partners, whereby independent auditors contracted by the EIT certify the legality and conformity of the amounts declared in the financial reports.

### *2.2.3. Estimation and justification of the cost-effectiveness of the controls (ratio of "control costs ÷ value of the related funds managed"), and assessment of the expected levels of risk of error (at payment & at closure)*

Based on the most recent estimation the cost of controls of EIT are below 3% of the funds managed, coupled with a risk of error of 1%. Corrective actions are routinely applied via certificates on financial statements and ex post audits. The combination of a small size and an effective and efficient outsourcing approach enables the costs of controls to remain low and the level of assurance sufficient, as demonstrated by the recent declarations of assurance by the European Court of Auditors.

## **2.3. Measures to prevent fraud and irregularities**

*Specify existing or envisaged prevention and protection measures, e.g. from the Anti-Fraud Strategy.*

The EIT shall take appropriate measures ensuring that the financial interest of the Union are protected.

The EIT is determined to fight against fraud at all stages of the grant management process and other activities that are implemented. All decisions adopted and contracts concluded by the EIT provide explicitly that the European Antifraud Office (OLAF) and the Court of Auditors may carry out on-the-spot inspections of the documents of all contractors and sub-contractors which have received Union funds, including at the premises of the final beneficiaries.

The EIT has since 2015 had an Anti-Fraud Strategy in line with that of the Commission and is continuously improving its measures to prevent and detect fraud.

### 3. ESTIMATED FINANCIAL IMPACT OF THE PROPOSAL/INITIATIVE

#### 3.1. Heading of the multiannual financial framework and new expenditure budget line(s) proposed

	Budget line	Type of expenditure	Contribution			
	01.010101 Expenditure related to officials and temporary staff implementing research and innovation programmes – Horizon Europe	Non-diff. <sup>34</sup>	from EFTA countries <sup>35</sup>	from candidate countries <sup>36</sup>	from third countries	within the meaning of Article [21(2)(b)] of the Financial Regulation
	01.010102 External personnel implementing research and innovation programmes – Horizon Europe					
	01.010103 Other management expenditure for research and innovation programmes – Horizon Europe					
	Heading I. Single market, Innovation and Digital					
	01.02.03.XX European Institute of Innovation and Technology (EIT)	Diff.	YES	YES	YES	NO

<sup>34</sup> Diff. = Differentiated appropriations / Non-diff. = Non-differentiated appropriations.

<sup>35</sup> EFTA: European Free Trade Association.

<sup>36</sup> Candidate countries and, where applicable, potential candidates from the Western Balkans.

## 3.2. Estimated impact on expenditure

### 3.2.1. Summary of estimated impact on expenditure

EUR million (to three decimal places)

<b>Heading of multiannual financial framework</b>	<b>I</b>	Heading I. Single market, Innovation and Digital
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			2021	2022	2023	2024	2025	2026	2027	Post 2027	TOTAL
Title I EIT Budget (Staff expenditure) <sup>37</sup>	Commitments = Payments	(1)	5.413	5.588	5.768	5.954	6.147	6.346	6.551		<b>41.767</b>
Title II EIT Budget (Infrastructure and operating expenditure)	Commitments = Payments	(2)	1.309	1.335	1.362	1.389	1.417	1.445	1.474		<b>9.732</b>
Title III EIT Budget (Operational expenditure). Operational appropriations (split according to the budget lines listed under 3.1)	Commitments	(3)	386.423	394.190	402.088	410.155	418.460	426.790	435.394		<b>2 873.500</b>
	Payments	(4)	270.496	391.860	399.719	407.735	415.969	424.291	432.813	130.618	<b>2.873.500</b>
01.02.03.XX European Institute of Innovation and Technology (EIT) – Operational Appropriations	Commitments	(5)=(1) + (2) + (3)	393.145	401.113	409.218	417.499	426.024	434.581	443.419		<b>2 925.000</b>

<sup>37</sup> The cost of the EIT staff and Title II has been calculated applying the correction coefficient for HU (71.9), as indicated in the page 16, table 5 of <https://ec.europa.eu/eurostat/documents/6939681/7070380/Annualreport2018.pdf/97053a94-29eb-4e93-8883-e826426e3d55>

	Payments	(6)=(1) +(2)+(4) )	277.218	398.783	406.849	415.079	423.533	432.082	440.838	130.618	<b>2.925.000</b>
01.010101 Expenditure related to officials and temporary staff implementing research and innovation programmes – Horizon Europe	Commitments = Payments	(7)	0.527	0.545	0.565	0.584	0.605	0.626	0.648		<b>4.100</b>
01.010102 External personnel implementing research and innovation programmes HE	Commitments = Payments	(8)	0.108	0.110	0.113	0.115	0.117	0.119	0.122		0.804
01.010103 Other management expenditure for research and innovation programmes HE	Commitments = Payments	(9)	9.445	9.629	9.816	10.006	10.202	10.398	10.600		70.096
Appropriations of an administrative nature financed from the envelope of the programme <sup>38</sup>	Commitments = Payments	(10)=(7) )+(8) +(9)	10.081	10.285	10.493	10.705	10.924	11.143	11.370		75.000
<b>TOTAL appropriations under HEADING 1 of the multiannual financial framework for the EIT</b>	Commitments	(11) =(5)+(10)	403.226	411.398	419.711	428.204	436.948	445.724	454.789		3 000.000
	Payments	(12)=(6) )+(10)	287.299	409.068	417.342	425.784	434.456	443.225	452.208	130.618	3.000.000

<b>Heading of multiannual financial framework</b>	<b>7</b>	<b>‘Administrative expenditure’</b>
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This section should be filled in using the 'budget data of an administrative nature' to be firstly introduced in the Annex to the Legislative Financial Statement, which is uploaded to DECIDE for interservice consultation purposes.

<sup>38</sup> Technical and/or administrative assistance and expenditure in support of the implementation of EU programmes and/or actions (former ‘BA’ lines), indirect research, direct research. This represents the maximum from the amount allocated to the EIT from the Programme, to be devoted to the Commission's administrative expenditure.



EUR million (to three decimal places)

European Commission		2021	2022	2023	2024	2025	2026	2027	<i>Post 2027</i>	TOTAL
<b>TOTAL appropriations under HEADING 7 of the multiannual financial framework for the EIT</b>										
	(Total commitments = Total payments)									

EUR million (to three decimal places)

		2021	2022	2023	2024	2025	2026	2027	<i>Post 2027</i>	TOTAL
<b>TOTAL appropriations across HEADINGS of the multiannual financial framework for the EIT</b>	Commitments	403.226	411.398	419.711	428.204	436.948	445.724	454.789		3 000.000
	Payments	287.299	409.068	417.342	425.784	434.456	443.225	452.208	130.618	3 000.000

### 3.2.2. Summary of estimated impact on appropriations of an administrative nature

The proposal/initiative does not require the use of appropriations of an administrative nature

The proposal/initiative requires the use of appropriations of an administrative nature, as explained below:

EUR million (to three decimal places)

Years	2021	2022	2023	2024	2025	2026	2027	TOTAL
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<b>HEADING 7 of the multiannual financial framework</b>								
Human resources								
Other administrative expenditure								
<b>Subtotal HEADING 7 of the multiannual financial framework</b>								

<b>Outside HEADING 7 of the multiannual financial framework</b>								
Human resources. Line 01.010101 Officials and Temporary staff implementing research and innovation programmes HE	0.527	0.545	0.565	0.584	0.605	0.626	0.648	<b>4.100</b>
Human resources. Line 01.010102 External personnel implementing research and innovation programmes HE	0.108	0.110	0.113	0.115	0.117	0.119	0.122	<b>0.804</b>
Line 01.010103 Other management expenditure for research and innovation programmes HE	9.445	9.629	9.816	10.006	10.202	10.398	10.600	<b>70.096</b>
<b>Subtotal outside HEADING 7 of the multiannual financial framework</b>	<b>10.081</b>	<b>10.285</b>	<b>10.493</b>	<b>10.705</b>	<b>10.924</b>	<b>11.143</b>	<b>11.370</b>	<b>75.000</b>

<b>TOTAL</b>	<b>10.081</b>	<b>10.285</b>	<b>10.493</b>	<b>10.705</b>	<b>10.924</b>	<b>11.143</b>	<b>11.370</b>	<b>75.000</b>
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The appropriations required for human resources and other expenditure of an administrative nature will be met by appropriations from the DG that are already assigned to management of the action and/or have been redeployed within the

DG, together if necessary with any additional allocation which may be granted to the managing DG under the annual allocation procedure and in the light of budgetary constraints.

### 3.2.2.1 Estimated requirements of human resources<sup>39</sup>

The proposal/initiative does not require the use of human resources.

The proposal/initiative requires the use of human resources, as explained below:

*Estimate to be expressed in full time equivalent units*

Years	2021	2022	2023	2024	2025	2026	2027
<b>• Establishment plan posts (officials and temporary staff)</b>							
Headquarters and Commission's Representation Offices	4	4	4	4	4	4	4
Delegations							
Research							
<b>• External staff (in Full Time Equivalent unit: FTE) - AC, AL, END, INT and JED<sup>40</sup></b>							
Heading 7							
Financed from HEADING 7 of the multiannual financial framework	- at Headquarters						
	- in Delegations						
Financed from the envelope of the programme <sup>41</sup>	- at Headquarters	2	2	2	2	2	2
	- in Delegations						
Research							
Other (specify)							
<b>TOTAL</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>6</b>

The human resources required will be met by staff from the DG who are already assigned to management of the action and/or have been redeployed within the DG, together if necessary with any additional allocation which may be granted to the managing DG under the annual allocation procedure and in the light of budgetary constraints.

Description of tasks to be carried out:

Officials and temporary staff	<ul style="list-style-type: none"> <li>- Preparation of the Commission opinion on the Single Programming Document (SPD);</li> <li>- Preparation of the position of the Commission observer at the EIT Governing Board meetings;</li> <li>- Preparation of the Commission decision on appointing the members of the EIT Governing Board;</li> <li>- General coordination with other services of the Commission and coordination and alignment with other EU initiatives, in particular Horizon Europe;</li> <li>- Preparation of the Commission position at the EIT Stakeholders Platform;</li> <li>- Preparation of the Commission position at the 'Member States' Representatives Group'</li> <li>- Organisation of the annual meetings between the EIT-KICs and Commission services;</li> <li>- Follow up of calls for new KICs;</li> <li>- Monitoring and evaluation of the EIT;</li> <li>- Assurance of compliance of the EIT labelled degrees with actions undertaken in the</li> </ul>
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<sup>39</sup> These figures are aligned with the overall Legislative financial statement of Horizon Europe which includes only the authorised staff in place in 2020 in Directorates General, but do not prejudice on the possible specific needs of staff working on EIT for the period 2021-2027.

<sup>40</sup> AC= Contract Staff; AL = Local Staff; END = Seconded National Expert; INT = agency staff; JPD= Junior Professionals in Delegations.

<sup>41</sup> Sub-ceiling for external staff covered by operational appropriations (former 'BA' lines).

	<p>context of Higher Education Area;</p> <ul style="list-style-type: none"> <li>- Tasks related to the preparation of the Commission processes of the strategic planning and programming cycle (AAR ...) and budget management;</li> <li>- Follow up of Audits from Internal Audit Capability (IAC) and Internal Audit Service (IAS) and of the European Court of Auditors (ECA).</li> </ul>
External staff	<ul style="list-style-type: none"> <li>- Contribution to the preparation of the Commission opinion on the SPD;</li> <li>- Contribution to the general coordination with other services of the Commission and coordination and alignment with other EU initiatives, in particular Horizon Europe;</li> <li>- Contribution of the Commission position at the EIT Stakeholders Platform;</li> <li>- Contribution of the Commission position at the 'Member States' Representatives Group'</li> <li>- Contribution to the organisation of the annual meetings between the EIT-KICs and Commission services;</li> <li>- Follow up of the calls for new KICs;</li> <li>- Contribution to the assurance of compliance of the EIT labelled degrees with actions undertaken in the context of Higher Education Area;</li> <li>- Contribution to the preparation of the Commission processes of the strategic planning and programming cycle (AAR ...) budget;</li> <li>- Contribution to the follow up of Audits (IAC, IAS and ECA).</li> </ul>

### 3.2.2.2 Estimated requirements of human resources in the European Institute of Innovation & Technology (EIT)

*Estimate to be expressed in full time equivalent units*

EIT (in Budapest)	2021	2022	2023	2024	2025	2026	2027
Commission Officials							
Of which AD							
Of which AST							
Of which AST-SC							
Temporary Agents							
Of which AD	40	40	40	40	40	40	40
Of which AST	5	5	5	5	5	5	5
Of which AST-SC							
Contract Agents	23	23	23	23	23	23	23
SNEs	2	2	2	2	2	2	2
<b>Total</b>	<b>70</b>	<b>70</b>	<b>70</b>	<b>70</b>	<b>70</b>	<b>70</b>	<b>70</b>

Description of tasks to be carried out:

Officials and temporary staff	<ul style="list-style-type: none"> <li>- EIT Budget, planning and reporting;</li> <li>- EIT Simplification Agenda;</li> <li>- Preparation of the new waves of designation and selection of KICs;</li> </ul>
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	<ul style="list-style-type: none"> <li>- Coordination and alignment with other EU initiatives, in particular HorizonEurope;</li> <li>- EIT Stakeholders Platform;</li> <li>- ‘Member States’ Representatives Group’</li> <li>- Preparation of the EIT Governing Board and Executive Committee meetings;</li> <li>- Organisation of meetings and Hearings between the EIT and KICs;</li> <li>- Consolidation of existing KICs;</li> <li>- Monitoring and evaluation of the KICs and the EIT coordinated activities;</li> <li>- EIT’s impact via knowledge sharing, dissemination, outreach and international exposure;</li> <li>- Designing and managing the EIT coordinated activities;</li> <li>- Fostering cooperation and synergies between KICs;</li> <li>- Design and coordination of education activities undertaken by the KICs;</li> <li>- Implementation of the communication of the EIT;</li> <li>- Launching and follow up Calls for KICs;</li> <li>- Management of the Audits (Internal audit service, Internal audit capability and European Court of Auditors).</li> </ul>
External staff	<ul style="list-style-type: none"> <li>- Contribution to the preparation of the new waves of designation and selection of new KICs;</li> <li>- Contribution to the Entrepreneurial and Education agenda of the EIT;</li> <li>- Contribution to the EIT Stakeholders Platform;</li> <li>- Contribution to the ‘Member States’ Representatives Group’</li> <li>- Contribution to the preparation of the EIT GBs and ExCo;</li> <li>- Contribution to the assurance of compliance of the EIT labelled degrees with actions undertaken in the context of Higher Education Area;</li> <li>- Contribution to the implementation of the communication of the EIT;- Contribution to the management of the EIT coordinated activities;</li> <li>- Contribution to monitoring and follow up the KICs and the EIT coordinated activities.</li> </ul>

### 3.2.3. Third-party contributions

The proposal/initiative:

does not provide for co-financing by third parties

provides for the co-financing by third parties estimated below:

Appropriations in EUR million (to three decimal places)

Years	2021	2022	2023	2024	2025	2026	2027	TOTAL
Specify the co-financing body								
TOTAL appropriations co-financed <sup>42</sup>	p.m.	p.m.	p.m.	p.m.	p.m.	p.m.	p.m.	p.m.

### 3.3. Estimated impact on revenue

The proposal/initiative has no financial impact on revenue.

The proposal/initiative has the following financial impact:

on own resources

on other revenue

please indicate, if the revenue is assigned to expenditure lines

EUR million (to three decimal places)

Budget revenue line:	Impact of the proposal/initiative						
	2021	2022	2023	2024	2025	2026	2027
Item 6013	p.m.	p.m.	p.m.	p.m.	p.m.	p.m.	p.m.

For assigned revenue, specify the budget expenditure line(s) affected.

01.02XX Appropriations accruing from contributions from third parties

Other remarks (e.g. method/formula used for calculating the impact on revenue or any other information).

Third countries may contribute to the Programme through association agreements. The conditions determining the level of financial contribution will be laid down in association agreements with each country and shall ensure an automatic correction of any significant imbalance compared to the amount that entities established in the associated country receive

<sup>42</sup> Bilateral Association Agreements are not fixed yet. Contributions from associated countries will come on top of the amounts presented in this Legislative Financial Statement.



through participation in the programme, taking into account the costs in managing the programme.